

## News Summary

**BANK RATE CUT 1% TO 5%—LOWEST SINCE 1964**

# Record inflow of funds puts reserves at all-time peak

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT



The authorities seem to have decided that there were certainly no strong domestic arguments against a Bank Rate cut. In particular, they appear to have been concerned at the low level of industrial demand for bank loans and by the suggestion brought out yesterday by the National Institute—that business confidence was still at a low ebb. Thus a cut, whatever the timing, could be said to fit in with the Government's attempt to get output up and unemployment down.

The Bank Rate reduction has come a matter of weeks before the bank cartel on interest rates is due to be disbanded under the Bank of England's new arrangements for credit control. It is generally assumed that under the new policy the traditional rigid link between Bank Rate and overdraft rates will be severed, and rates charged by banks will reflect market conditions more closely.

## Home loans

It is also widely expected that building society rates for both borrowers and lenders will have to follow the downward movement of other market rates. But there is always a considerable time lag involved here, and no changes are likely before the beginning of 1972.

The initial effect of yesterday's announcements on the foreign exchange market was favourable for the authorities' "blue chip" borrowers—a diminishing category—comes down from 7 per cent to 6 per cent, and for most other interest rates charged will now be 7 to 8 per cent, compared with the 8 to 9 per cent. being charged before. The maximum rate on private individuals' overdrafts is now in the majority of cases—9 to 10 per cent. Rates for medium-term lending to industrial and commercial customers are likely to follow the downward trend.

The final moment of truth preceding the exchange controls and Bank Rate package was the time towards the end of last week when sterling rose above \$2.48. It is reliably understood, however, that official intervention in the market amounted to only the mildest touch.

If it had not been for the above considerations the authorities would have been unlikely to cut Bank Rate quite so soon. The interest rate weapon was being held in reserve until the effects of the April Budget and the July mini-Budget could be assessed, and it is a little early to form a reasonable judgment on this point.

But, given the external factors,

little inflow of funds since the exchange markets reopened after being closed for the week following the Nixon measures of August 15.

It is understood that virtually all the £390m. (5937m.) by which the reserves rose—after the IMF repayment—flowed into the U.K. during the three days preceding the Nixon measures. While this inflow was enormous by U.K. standards, it has to be remembered that there were bigger inflows into other European countries during the same three days, and several thousand million dollars went into Japan.

But after the floating of the Japanese yen there were serious worries that the U.K. would become the prime target for speculative funds. Apart from the attraction of higher interest rates here—until yesterday, that is—the U.K. authorities were faced with the prospect of a series of announcements which would inevitably be bullish for sterling in the short-term. In addition to the gold reserves figure the August trade figures, to be announced shortly, are likely to be good, and the second quarter's balance of payments figure, due later in the month, will show another large surplus.

Even the most ardent proponents of a floating pound within the Government have had to concede that the battery of exchange controls and twin-tier systems being operated abroad would impede market forces and

control measures which were introduced with effect from last Tuesday to discourage speculative inflows from abroad.

The outstanding consideration has been to stop the sterling rate from floating upwards, but to do so without having to take in more dollars.

There is an obvious danger that a sharp upward movement in the pound could accelerate the deterioration in the U.K.'s competitive position, which has been indicated by international comparisons of export prices.

But a more immediate tactical point is that, too sharp a rise in the pound now might seriously

weaken the U.K.'s hand in the coming negotiations over an international realignment of currencies.

Last week-end's exchange control measures were limited in their scope to inflows from the non-sterling area. The Bank Rate cut is effectively aimed at stemming inflows from the sterling area itself, by eliminating the disparity between U.K. interest rates and those in other major countries.

The precautionary aspect of the exchange control/Bank Rate package can be illustrated by the fact that there has been very

little inflow of funds since the exchange markets reopened after being closed for the week following the Nixon measures of August 15.

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# NCB seeks to convert half its borrowings to equity

BY HAROLD BOLTER, INDUSTRIAL CORRESPONDENT



Mr. Derek Ezra

THE National Coal Board is trying to convince the Government to convert about half of its £640m. borrowings from the State into public dividend capital, it was revealed yesterday by publication of the Board's annual report.

Mr. Derek Ezra, the NCB director, explained that he felt "a special industry such as coal that there was a risk element which should be reflected in the way the industry was capitalised."

The object of the exercise is to enable the NCB to pay a dividend on at least half of its borrowings in the good years and to avoid payment when the cycle turns downward.

At the moment the NCB is charged with the task of breaking even in each year, by meeting interest charges on its borrowings. Last year, after paying interest charges of £35.9m., some £35.3m. to the State, the Board made a profit of £500,000.

Mr. Ezra pointed out that in the whole history of the publicly owned coal industry it had made an operating profit, except in 1947 when prices were pegged at pre-war levels.

"If this industry had been financed on an equity basis, which an industry as speculative

as mining should be, then in every year since 1947 we should have been able to pay our shareholders a dividend," he said.

Apart from the greater flexibility which it would give the NCB's financial management, a move to public dividend capital would also tend to help the Board to maintain morale in the industry, which is currently high. In poor years it would be able to defer paying a dividend rather than report an actual loss.

In the first four months of the current financial year, the NCB has traded and operated profitably, but Mr. Ezra would not forecast the likely result at the end of the year.

Much depends on the result of the National Union of Mineworkers' current pay claim for increases totalling about £120m., and the timing of any resurgence in industrial activity, particularly in steel and electricity generation.

Given favourable circumstances, the NCB believes it can at least break even again this year, despite its commitment to the Confederation of British Industry's policy of price restraint, which allows for an increase of not more than 5 per cent before the end of next July.

Even without this commitment, the Board would have found it difficult to raise prices by more than a limited amount, Mr. Ezra admitted, because of likely market resistance.

Mr. Ezra made it clear that the NCB would be very reluctant to approach the Government for further loans, if the CBI commitment and other problems led to difficulties, although the Government has said that it would look favourably on such an approach.

"This is really the last thing we want to do. We have to pay for our borrowings and pay heavily," he said. "We want to make ourselves a viable, profitable organisation."

That attitude alone might be

enough to persuade the Government to allow the public dividend capital experiment to go ahead. Together with the fact that coal is closely tied to the fortunes of steel, another cyclical industry and one where there is an element of PDC the argument could be successful.

The Government is also currently discussing with the Board the future of some ancillary industries, but there is unlikely to be a quick decision on "hiving off." Only preliminary talks have been held so far.

Among other points made by Mr. Ezra yesterday were:

1—Supplies. Stocks held by customers stand at over 20m. tons, 4m. tons more than at the same time last year, and there should be no problems this winter unless there is a major dispute or exceptionally severe weather conditions.

2—Morale. There has been a 25 per cent improvement in recruitment in the first 20 weeks of this year, and wastage has fallen by 20 per cent. Although the main benefits of modernisation to productivity have not been realised, it went up by 1.7 per cent last year to a new record level of 44.2 cwt. a man-shift.

3—Demand. Currently depressed. The steel industry market has fallen by 15 per cent in the last 21 weeks and overall demand is running at about 5m. tons, or 10 per cent, below the comparable level last year. It is hoped that reflation will bring improvements.

Editorial comment, Page 18; Coal Board made £1m. profit, Page 23

# Union split on registration issue will divide TUC

BY JOHN ELLIOTT, LABOUR EDITOR

BLACKPOOL, Sept. 2

THIS split in the trade union movement over the issue of registration under the Industrial Relations Act will divide the annual Trades Union Congress here next week when a large number of unions try to force the TUC to "instruct" unions not to register.

This would be against the wishes of the TUC General Council and would amount to a considerable strengthening of the existing TUC policy drawn up last February in Croydon, which said "strongly advised" unions not to register as the first stage of the TUC's non-cooperation policy on the Act.

By 24 votes to 16, the General Council, at its first pre-congress

meeting here to-day, decided that the Croydon policy was sufficient and that to change it to an instruction not to register—which would lead to disciplinary action being taken against those unions which operated their right to draw up their own policies—would split the trade union movement. This point of view will be put forward strongly next week by Mr. Vic Feather, TUC general secretary.

However, those among the minority, which was mainly on the Left wing and included Mr. Jack Jones and Mr. Hugh Scanlon, leaders of the country's two largest unions, argued that there

was already a split. With others, such as Mr. Danny McGarvey of the boilermakers, they argued that it would be best to bring the issue into the open so that it would be clear, when the Act is debated next Tuesday, where unions stood.

Mr. Jones and Mr. Scanlon's transport and engineers together with others, such as the construction workers, boilermakers, postmen and public employees, total between 3.5m. and 4m. of the TUC's 9.5m. total votes. This means that they need to gain the support of several more unions—including the miners—if they are to win and the registration issue will therefore be a cliffhanger dominating the

# Caledonian in cheap air link to Far East

BY RAY DAFTER

BRITISH CALEDONIAN AIRWAYS, and the Far East Travel Centre yesterday announced details of their low-fare flights to East services. In conjunction with these services FETC is offering a combined air-sea passage between London and Fremantle for £145 single.

The single fares—£80 between London and Bangkok and £25 to Singapore and Kuala Lumpur—are in line with those being offered by British Overseas Airways Corporation on its "cheap fare" Far East flights.

Both airlines have been granted Government exemptions from normal licensing requirements to operate the flights on a charter basis.

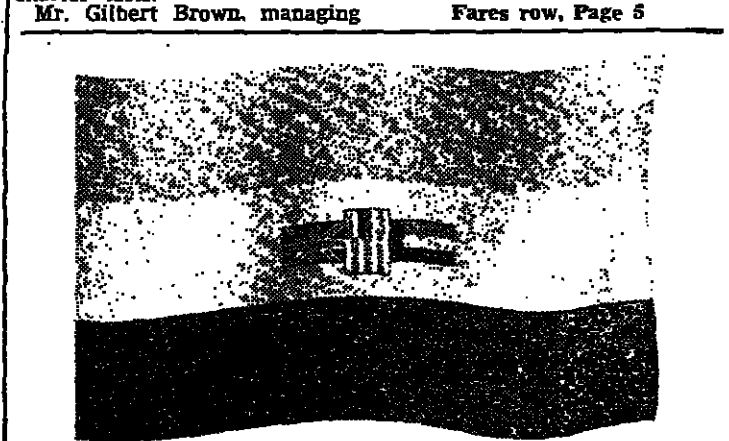
Mr. Gilbert Brown, managing director of FETC, said there had already been a big public response to the services, which represent substantial savings on scheduled flights. (Normal economy fares between the U.K. and South East Asia are about £220 single.)

A special feature of the British Caledonian services will be the Asian stewardesses. Twelve Asian girls were recently employed for training as stewardesses aboard the low-fare flights.

Mr. Brown said that in addition to the direct flights FETC was using the new services to provide low-cost, air-sea services between the U.K. and Australia.

For £45 single, the company offers a flight to Singapore with a hotel stop-over and connecting passage to Fremantle. The complete journey takes about eight days.

Fares row, Page 5



# EASTEST WAY TO JO'BURG.

**13 TIMES A WEEK.**

BOAC VC10's 8.15 pm. daily. And an alternative flight every day (except Monday). It's the fastest, most frequent way to Jo'burg.

**BOAC**  
takes good care of you.

**Lynch rebukes Belfast bombers climb**

British Premier Lynch last night rebuked "total condemnation" of those responsible for four Belfast bombers yesterday which injured 38 people, many of them young office girls, and caused heavy damage to the central office district.

No warning was given of the first explosion. The first body was killed. Lynch said that the bombers were "disgraceful" and "repulsive".

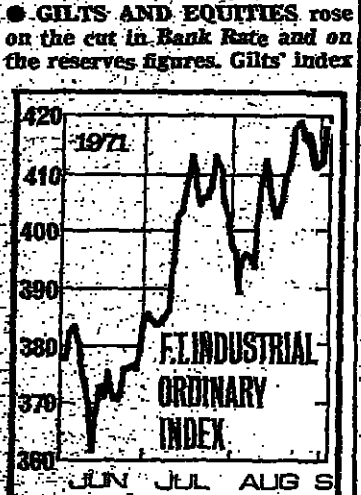
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**Gilts at peak—equities climb**

GILTS AND EQUITIES rose on the cut in Bank Rate and on the reserves figures. Gilts index reached its 1971 peak, 76.20. Equities, 5.9 up at 413.9, were 0.3 below their peak.

GOLD added 35c at \$41.45.

BASE METALS were firmer on the Bank Rate news. Page 4



**Cahill still in J.S. custody**

Meanwhile, in New York, a Federal Court judge refused a request for IRA "Provisional" leader Joseph Cahill to be released from custody pending a hearing on Tuesday to decide whether he may be admitted to the U.S.

Cahill, 51, was arrested on his arrival from Dublin to start a post-coast, month-long tour of the U.S. and Canada to raise funds for the IRA.

In Washington, the State Department said Cahill's release had been revoked after it was learned he had been convicted of murdering a Belfast policeman in 1942.

**Europe arms gap wider**

The numerical disparity between NATO and Warsaw Pact forces widened further in favour of the latter, according to an annual report by the International Institute for Strategic Studies.

The difference is particularly marked in armoured vehicle strength, says the study, NATO having 5,500 tanks against the Pact's 16,000. Russia has also increased its ICBM stockpile to 6,000, some 50 per cent more than the U.S. Page 7

**una-18 launched**

Russia yesterday launched Luna-18, the latest in its series of moon probes. However, officials did not say immediately whether it would attempt a soft landing as achieved by its two predecessors.

Chiefly

**Chief price changes**

Prices in pence unless otherwise indicated

**RISES**

Teas. 6 1/2% 1976 300 1/2  
Isaac Biscuits 301 1/2  
British Canadian Inv. 180 1/2  
Avenham Foods 87 1/2  
Cotnam (R) 208 1/2  
Jillsters 187 1/2  
Dowry Group 187 1/2  
Suro. Fawkes 187 1/2

**FALLS**

Fairclough (L) 288 1/2  
Grand Met. Hotels 182 1/2  
GUS 424 1/2  
Guest Keen 402 1/2  
Hawthorn 'A' 505 1/2  
Hoover 'A' 505 1/2  
Lennons Supermarkets 105 1/2  
Lewis and Peat 'A' 158 1/2  
Marchant 293 1/2  
Merchandise Secs. 183 1/2  
Mining Supplies 238 1/2  
Scott and Newcastle 454 1/2  
Sterling Guarantee 311 1/2  
Sun Alliance 488 1/2

**STOCKS**

288 1/2  
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by JEREMY NOBLE

To commemorate both the 25th artist, work well in this context: There is a touching selection of out-surrealist tendencies are

the first part of a protected  
logy, it is a self-contained  
level. Its subject is the Great  
General Samsonov's Second  
Army, by the Germans at the  
level of Tannenberg, at the  
beginning of the First World  
War. The novel is a collection  
of trees while a gentleman in a  
bowler hat reads a newspaper,  
the railway station in the midst  
of a brooding forest, like a fairy  
story gone subtly wrong. Two  
kinetic abstract sculptures by  
Pol Bury, a considerably younger



... ..


 squiggles engraved on little squares of silvered metal. On the evidence of this exhibition alone, and which, interesting as it is, is evidently only a fraction of what was chosen, as a large amount of three-dimensional work somehow did not get out of Romania, artists in Romania are highly serious, highly inventive, exploring new media and experimenting with old, with an individuality and energy that I can only admire.

Evenings 7.30 Mat. Wed. 2.30. Under  
21s 25p-50p.

by B. A. YOUNG

## SNO tours Europe

The Scottish National Orchestra, which celebrates its 21st birthday this year, will leave Glasgow on October 14 for its second major European tour. Under Alexander Gibson, its Musical Director and Principal Conductor, the Orchestra will give concerts in Cologne (Leverkusen), Aschaffenburg, Kassel, Klagenfurt, Lienz, Schweinfurt, Frankfurt (Offenbach), Bonn, Worms, Dornbirn and Biel (Schweinfurt) is the twin-town of Motherwell—Alexander Gibson's birthplace.)

The repertoire will comprise works by Schubert, Brahms, Berlioz, Shostakovich and Britten. Modern Scottish composers, whose music plays a major part in the life of the SNO, will be represented by The Magnus's Concerto for Orchestra and Iain Hamilton's Overture *Bartholomew Fair*. The two soloists will be Barry Tuckwell—at one time a member of the SNO—in Richard Strauss's first Horn Concerto, and the Korean violinist Yong Uck Kim, in Mendelssohn's Violin Concerto.

The SNO have made two previous foreign tours: in 1967 to Austria, Germany and Holland, and in 1969 to give two concerts at the Bergen International Festival.

## ENTERTAINMENT GUIDE

**OPERA AND BALLET**

**ROYAL GARDEN ROYAL OPERA**  
September 8, 9, 10, 27, 25  
**THE DREAMING**  
Casts Incl: Dermoch, Pine, Hesse, Shuard.  
Evens. Brillant, Cassidy, Dobson, Langman.  
Sings: Tessa, Mervyn, Gladys.  
Cost: Douglas, Stalls available, 240 1066.

**OLISEUM**  
Sadler's Wells Opera  
Tonight, Tues., Sept. 8 & 9 at 7.30  
**THE MARRIAGE OF FIGARO**  
Tomorrow at 7.30 LAST PERFORMANCE  
**KISS ME, KATE**  
Tonight, Tues., Sept. 8 & 9 at 7.30  
**CARMEN**  
Box Office Tel: 836 3161.

**ROYAL FESTIVAL HALL**, 922-9191.  
Sept. 8, 9, 10, 27, 25  
**LONDON FESTIVAL BALLET**  
This week: BEAU DANUBE & GISELLE  
Sept. 8, 9, 10, 27, 25  
Tues. 9, 10, 27, 25

**THEATRES**

**WHEN SHALL THE BOX OFFICE**  
**FROM OUTSIDE THE LONDON AREA**  
**DIAL PREFIX 01**

**MELPHI**, 836 7611. Evenings 7.30.  
Sat. 8.0. Last performance  
**THE MUSICAL OF A LIFETIME**

**SHOW BOAT**  
With the immortal songs of  
**HAMMERSTEIN**  
836 6404.  
Sept. 17, 1972 London Season  
Shrotonford-on-Avon  
**A MIDWINTER SONG**  
Tonight 7.30, Sept. 17, 18 m & e.  
Orlando Pinter's OLD TIMES. Tomorrow  
at 8.0. Sept. 18, 19, 20, 21, 22, 23, 24, 25.  
There's the MAN OF MODE (Sept. 8,  
9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21).  
The MEN OF THE WORLD (Sept. 22, 23, 24, 25).

**REASSURERS**, 836 1171. Ev. & Mat.  
Sept. 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21.  
**THE MOUSETRAP**  
FIFTENTH BREAKFASTING YEAR.  
836 437. Evenings 8.0.  
Sept. 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21.  
**FORGET-ME-NOT LAWN**. D. Tel.  
Sept. 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21.

**CAMBRIDGE THEATRE**, 836 8056.  
Evenings 7.30. Sat. 8.0 & 7.15.  
Sept. 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21.  
**IAN McKELLEN as HAMLET**  
The Hamlet I've been waiting to see!"  
"...and I'm certain you'll find it."—  
DAILY TELEGRAPH

**RICHMOND**, Tel. 0243 96333.  
Tonight & Sept. 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21.  
Sept. 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21.  
Sept. 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21.

**EMEDY**, 930 2578. 8.15. Sat. 8.0 and 8.30.  
Oct. 4. Mats. Wed. 2.30 reduced prices.  
Sept. 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21.  
Gai Singleton, Richard Coleman in  
the new comedy "The Man of Mode".

**THERE'S A GIRL IN MY SOUP**  
LONGEST RUNNING COMEDY HIT OF  
THE SEASON. 8.15 TIME.

**ANTERIOR**, 930 3342. Air conditioned.  
Mon. to Fri. at 8. Sats. 5.15 and 8.30.  
**ALAN BATES in BUTLEY**  
By Simon Gray. Dir. by Harold Pinter.  
Brilliant PLAY—ONE OF THE  
DELIGHTS OF THE YEAR. E. Standard.

**BURY LAKE**, 836 8108.  
Mats. Wed. and Sat. 8.0.  
Sept. 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21.  
"A SUMPTUOUS MUSICAL." Daily Tel.

**THE GREAT WALTZ**  
On the life of Johann Strauss.  
HULL, 836 8241. Sunday Times.  
Sept. 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21.  
CHICKS, 836 8241. Evening 8.30.  
Saturdays and Sundays at 6.15 and 8.30.  
"The Dirtiest Show in Town"  
Makes "OH CALICULTA! SEEM LIKE  
THE FUNNIEST SHOW IN TOWN."  
MAN BOTH. N.Y. Times.

**SHAKE OF YORK'S**, 836 5122. Ev. 8.15.  
Sat. 8.0. H. 8.0. H. 8.0. H. 8.0. H. 8.0.  
**WILFRID HYDE WHITE**  
**THE JOCKEY CLUB STAKES**  
New comedy by William Douglas-Horne.  
Sept. 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21.  
Sept. 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21.

**STRAIT-FORWARD**, 836 4601. Mon. to Thurs. 8.0.  
Fri. 8.15. Sat. 8.0. Sun. 8.0.  
Sept. 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21.  
Sept. 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21.

**DON'T START WITHOUT ME**

**DOBE**, 431 1982. Evenings only 7.30.  
Sept. 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21.  
**ALAN BADEL as KEAN**  
John Keats' "Kean" as a young man.  
Sept. 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21.

**YMARKET**, 930 8682. Evenings 8.0.  
Sept. 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21.  
**ELEG GUINNESS, JEREMY BRITT**  
in  
A Voyage Round My Father by  
JOHN MORTIMER

**MR MAJESTY'S**, 930 5606. Evs. 7.30.  
Sat. 8.0. H. 8.0. H. 8.0. H. 8.0. H. 8.0.  
BARRY MARTIN in  
**RIDDLE ON THE ROOF**  
Now starring Stella Moray. 5th Year.  
Sept. 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21.

**GOOD LADS AT HEART**  
Evenings 7.30. Sat. 8.0. Sun. 2.30. Under  
21s 25p-50p.

**LYRIC THEATRE**, Tel. 437 3686.  
**ROBERT MORLEY**  
MARY MILNE GOLDEN  
Alain Ayckbourn's Smash Hit Comedy  
**HOW THE OTHER HALF LOVES**  
NIGHT ON CONTINUE THEIR 2ND YEAR  
8.15. Sat. 8.0. H. 8.0. H. 8.0. H. 8.0. H. 8.0.  
MAY FAIR, 628 9036. 8.15. Sat. 8.15. 8.45  
Sept. 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21.  
OF THE YEAR. Ev. Standard Award.

**THE PHILANTHROPIST**  
by Christopher Marlowe. BEST PLAY OF  
THE YEAR. 8.15. Sat. 8.0. H. 8.0. H. 8.0. H. 8.0.  
MERMAID, 248 7658. Rest. 248 2025.  
Eves. 8.15. Sat. 8.0. H. 8.0. H. 8.0. H. 8.0.  
THE OLD BOYS, by William Trevor.  
Sept. 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21.

**NEW THEATRE**, 836 3878  
**THE NATIONAL THEATRE**  
Evgs 7.30. Mat. 2.30. Sat. & Sat. at 3.  
Sept. 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21.  
To be the talk of the town. Sept.  
8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21.

**OLD VIC**, 928 7816. For one week only.  
Sept. 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21.  
Sept. 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21.  
THE LAST SWEET DAYS OF ISAAC.

**PACE**, 437 5833. Mon. to Sat. 8.0.  
Sept. 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21.

**DANNY LA RUE**  
THE PALACE  
Attilio IOVI  
PALLADIUM, 437 7573. Nrvy. 8.15. 8.45.  
Matins. Sat. 8.0. H. 8.0. H. 8.0. H. 8.0.  
Sept. 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21.

**ANITA HARVEY, RUSSELL CONWAY**  
Oct. 11 for 3 weeks  
Sept. 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21.

**PRINCIPAL CINDERELLA**, Now Booking.  
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**PHENIX**







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## Trudeau hints at autumn poll

By Our Own Correspondent  
OTTAWA, Sept. 2.—Prime Minister Pierre Trudeau said today he has ruled out the possibility of an autumn general election. His remarks added strength to speculation that has been underway in Ottawa. In the past 10 days that the Government might call a snap election rather than face another severe winter of discontent and high unemployment.

## Uruguayan presidential elections

By Hugh O'Shaughnessy, Latin America Correspondent  
THE campaign for the re-election of President Jorge Pacheco Areco to a second term as Uruguayan head of State has got under way this week.

## U.S. Market



### ASSETS PASS FL 100m. MARK

The financial year ended 30th June, 1971 was a favourable one for your company in many respects. In our interim report dated January 1971 we stated that the value of a UTILICO share had shown a complete recovery from its fall during the first six months of 1970.

In the second half of the financial year the price increase was less spectacular, but we are nonetheless pleased to report a further rise to an all-time high. At the end of the financial year the value of a share was FL 1.31, compared with FL 1.05 at 30th June, 1970.

This result was achieved in a period in which conditions for trade and industry were really difficult. The recession in the United States in 1970 once again demonstrated the favourable position of public utility companies in general and of electricity undertakings in particular. Despite this favourable tendency in comparison with industrial undertakings the price/earnings ratios of power companies in the U.S. are at a far lower level than those of many industrial undertakings. Since World War II however, the stock market has seen several times rated power companies equal to or even higher than industrial undertakings. This may well happen again in future, and we believe that there are several reasons to justify our expectations.

In view of the above our sales and purchases in the U.S. in the past financial year were relatively large. The results of your company's investments in the other countries, too, were favourable—Italy, excepted. The greatest increase in value was achieved in Germany.

In the spring of 1971 a change in conditions on the exchange market became more and more likely. As part of our portfolio was invested in currencies which seemed less strong, we thought it wise to cover this risk by a forward sale of the currency considered to be weaker and by a forward purchase of a stronger currency. In March 1971 we therefore made a forward sale against D.Marks of \$9 million in all at the old rate of just over D.M. 3.65 for \$1.

In the past financial year 24,900 new shares were issued through the Public Exchange, so that the total number of shares rose to 865,000. This issue helped to bring your company's assets in the past financial year beyond the FL 100 million mark for the first time.

The profit for the year is FL 4,129,543. We recommend increasing the dividend by FL 0.20 to FL 4.40 per share.

Copies of the full Report and a descriptive booklet may be obtained from the Company.

UTILICO N.V., P.O. BOX 973, Rotterdam.

## FAS INTERNATIONAL OVERSEAS CORP.

(Formerly Famous Scholastic Overseas Corp.)

### U.S. \$10,000,000 5% per cent Guaranteed Bonds 1982 Guaranteed by and Convertible into the Common Stock of FAS International, Inc.

(Formerly Famous Artists Schools, Inc.)

At a meeting of the Holders for the time being of the above named Bonds for the time being outstanding held on 31st August, 1971, a quorum of 50 per cent of the nominal amount of the Bonds for the time being outstanding was not present and the meeting was adjourned for 28 days.

In accordance with the terms of the above named Bonds, NOTICE IS HEREBY GIVEN that the adjourned meeting will be held at 30 Grosvenor Street, London EC2P 2EB on 28th September, 1971, at 11 o'clock in the forenoon for the purpose of considering and if thought fit, passing the Resolution of which has previously been given. The quorum at such adjourned meeting shall be the holders of 10 per cent of the nominal amount of the Bonds for the time being outstanding.

Signed LINKLATERS & PAINES  
for and on behalf of the Holders of not less than 20 per cent of the nominal amount of the Bonds for the time being outstanding.

# U.S. to probe youth and student reduced airline fares

By JOHN GRAHAM, U.S. EDITOR  
WASHINGTON, Sept. 2.—The Civil Aeronautics Board with foreign airlines (or foreign airlines) in the matter of may be the first move in what may be a serious international fight at Government levels. The Board has started an investigation into the reduced youth and student fares on international carriers. American Airlines has attacked the reduced fares as "discriminatory."

## Canada approves plans to counter surcharge

By OUR OWN CORRESPONDENT  
OTTAWA, Sept. 2.—The CANADIAN Cabinet has approved a contingency plan to offset the impact of the American 10 per cent import surcharge. Prime Minister Pierre Trudeau announced. He told newspapermen that the contingency plan finally had been worked out but details would not be made public until the House of Commons meets next Tuesday.

## China-U.S. 'phone link

TOKYO, Sept. 2.—CHINA has agreed to establish indirect telephone communications with the U.S., apparently in preparation for President Nixon's trip.

Kokusai Denhin Denwa (KDD), the Japanese telephone and telegraph company, said today Peking had agreed to the indirect line, scheduled to go into service Friday, in response to a query from the American Telephone and Telegraph (AT&T), which was making communications arrangements for Nixon's forthcoming trip to mainland China. KDD said the service would only be temporary.

Until earlier this year, direct telephone service to mainland China has been suspended for over 20 years, ever since the Communists took control of China. When the American ping pong team travelled to China this spring, communications through Tokyo and Paris were established temporarily.

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# The Cricket takes a leap

By Jurck Martin  
NEW YORK, Sept. 2.—A SURVEY conducted by Automotive News, the trade publication, has shown that Chrysler has displayed a remarkable degree of confidence in the potential of its leading "captive" import—the "Cricket," which is made in Britain and which is basically the Hillman Avenger.

## WHOLESALE PRICES SOAR

By John Graham  
WASHINGTON, Sept. 2.—The Government released figures today showing that at the wholesale level prices rose far faster in August than in July.

## His homeland

To many people's surprise, President Lanusse has a feel for politics previously unsuspected by all but a few of his countrymen. He first demonstrated this to the republic at large, shortly after assuming the Presidency on March 23, with his conditional invitation to General Peron to return to Argentina after nearly 16 years in exile.

## ARGENTINE POLITICS

# Lanusse finds his touch

BY OUR BUENOS AIRES CORRESPONDENT

IF THE exponents of President Alejandro Augustin Lanusse's "Great National Accord" are to be believed, Gen. Lanusse has pushed Argentina one difficult step further along the road from military to constitutional government. The President made his noteworthy announcement to the leaders of "the Hour of the People" movement in Government House. Since its inception late last year the Hour of the People movement, an alliance of Radicals and Peronists, has been demanding that an election date be set. On August 26, Gen. Lanusse did not fully oblige the movement, but did promise its leaders that he will fix the date before October 15.



President Lanusse

The Government has been insisting lately that new voters' lists cannot possibly be prepared before the end of next year. Nevertheless Jorge Daniel Paladino, who was at the meeting in Government House representing the Peronists, said just before leaving by air for Madrid yet once again to report to exiled ex-dictator Juan Domingo Peron, that he is confident that elections will be held "in 1972."

toppled the strongman. So the only really important question about Alejandro Lanusse's future as a politician would seem to be: would the Peronists, the largest political group in the country, vote for him?

The answer of course is that most of them would, if they were told to do so by their leader, Gen. Peron. Such a possibility should not be ruled out, and there are a number of straws in the wind. The fraternity of army officers is one with strong bonds here, capable of overcoming old antagonisms.

There is the possibility that Gen. Peron is about to receive more than 15 years' worth of pension payment both as a former president and as an army General. Another consideration would seem to be the allegedly imminent delivery to Gen. Peron in Spain of the remains of his second wife Eva. Eva Peron's body, whisked away by naval officers from the general confederation of labour headquarters here during a palace coup two months after Gen. Peron's fall, is an object of veneration for the Peronist masses who still see her as their "spiritual leader."

A close relative of Gen. Lanusse said in private recently that his kinsman never really has been interested in anything other than politics and the army, in that order. On August 21, President Lanusse, seemingly corroborated this judgment when he said to 4,000 Peronist meat workers gathered at a barbecue to receive from him formal commendation of the old meat packing plant in Zarate, 50 miles north-west of Buenos Aires: "I do not have the least desire for Lanusse to win. I want you to win, the Argentines and Argentina."

Not surprisingly, this somewhat ambivalent remark has been taken here as a declaration that Gen. Lanusse, *de facto* President since March and Army Chief of Staff, is running to become constitutional President. As President, Gen. Lanusse has shown that he is that rarity, a general with a flair for politics—the 1955 revolution which perhaps the first one in Argentina since Peron. Incidentally, Gen. Lanusse at 53 is just three years older than Gen. Peron was when he was first inaugurated in 1946.

The reason the time may be right for a Great National Accord is the recent decision of the large body of Peronists and the Radicals to bury the hatchet, at least for the time being, after 25 years of bitter antagonism. Moreover, their Hour of the People Movement itself proposes something very similar to President Lanusse's Great National Accord. Perhaps the most important of all, since 1963 when it lost power, the Peronist movement has changed so much that now, for the first time in the post-Peron era, a Peronist Cabinet minister is a definite possibility.

## As Peronists

If he is indeed a presidential candidate, General Lanusse still has a long way to go before he can be certain of being elected. His new Central Bank president, Carlos Brignone, next year hopes to bring the inflation rate down from its present 50 per cent to 25 per cent, which even if achieved does not compare favourably with the less than 10 per cent inflation rate achieved in the best of recent years. Then, too, there is the problem of the guerrillas, most of whom identify themselves as Peronists. The fact is that Gen. Lanusse's Great National Accord is seen by the hard-line Peronists and many other Argentines both as simply another scheme to defraud the people by offering them unrepresentative leaders. They can point to Gen. Lanusse's pre-March reputation, which was that of a vaguely liberal, army officer, but also that of the wholly loyal scion of a conservative, aristocratic family. Since March he has gone to considerable pains to change this image: by meeting Chile's new Marxist President, Salvador Allende, on Argentine soil and by making plans to meet Peru's radical President, Juan Velasco Alvarado.

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We display the crown because we're a Royal Airline. That would seem a good enough reason for most people. For us it isn't.

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For example, from the very start we agreed to run an airline not because we want to (everybody does) but because we have to. We are a small nation, but forward-thinking, fast-developing and very outward-looking and we need an airline to establish and promote our links with the whole wide world that's changing every day.

So we work hard. In less than eight years we've grown so fast our routes now extend across three continents covering a network of cities from Frankfurt to Jeddah and from London to Karachi.

The humble DC7 which undertook our inaugural flight from Amman to Beirut is already a museum piece. Now we fly an all-jet fleet of Caravelles and Boeings. We bought them new. The Boeings, in fact, are the latest 320c version — and designed to please our passengers.

Like all good airlines we employ highly professional pilots. But ours are multi-national as well. And so are the rest of our crews, especially our hostesses. Their clothes were designed by Carven not simply to look great, but to help them work well at 35,000 ft and 600 mph.

All of which makes us a truly intercontinental airline. And because we fly intercontinentally, not just internationally, we provide an in-flight service which includes hot meals even on many short-hop routes.

Our maintenance is impeccable. It has to be. Because we have to keep our fleet flying to keep it profitable, and to keep it flying it has to be in perfect condition.

Altogether, therefore, we do our best to deserve our crown.

London, Paris, Frankfurt, Rome, Madrid, Athens. And through Amman to Beirut, Cairo, Kuwait, Teheran, Dhahran, Doha, Abu Dhabi, Jeddah, Karachi, Benghazi and Nicosia.

Alia deserve their crown

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Export  
News

SELLING TO THE U.S.—1

'Explosion of demand' in  
\$2,200m. airport market

BY DAVID CURRY, EXPORTS EDITOR

ICL hits  
£1m. peak  
in Hungary

AN order worth nearly £400,000 for an ICL System 4-52 computer for installation at Csepel Iron and Metalworks in Budapest, brings business won by ICL Hungary to more than £1m. in the past three months.

Csepel is the largest enterprise in Hungary and employs more than 40,000 people in the manufacture of iron, steel and non-ferrous metal products. Delivery is scheduled for June next year and the computer will be used primarily within the field of production as well as for administrative applications within Csepel. The intention is to establish a fully integrated production system.

This order is seen to be the first phase of a complete computerisation of Csepel's administration and could involve further computer orders as progress is made with putting systems on to the processor.

The order also confirms ICL's position as the leading supplier of large computers to Eastern Europe. There are now 17 ICL computers installed or on order with customers in Hungary.

£5m. 'invisible'  
S.E. earnings

Overseas earnings by Stock Exchange broker firms in the first half of 1971 totalled £4.61m. against £5.17m. This comprised commissions on dealings on behalf of overseas clients, £2.55m. (£3.1m.); arbitrage net profits £1.55m. (£1.64m.); fees in respect of new issues of overseas securities £0.17m. (£0.15m.); and all other revenues £0.04m. (£0.07m.). If current trends are maintained the total for 1971 should slightly exceed the £5.9m. of 1970.

DETAILS of opportunities in the American market for airport and airline equipment and how to go about taking them are given in a report published yesterday by the British National Export Council's U.S. Committee.

The report, commissioned from Roy Blumenthal and Associates (on the day the Government announced the decision to wind up ENBO at the end of the year) quotes the Federal Aviation Administration's estimate of the market over the next 10 years at \$2,200m.

The Administration envisages the construction of 809 new airports and the updating of a further 3,140 fields over the period. In addition, the introduction of more rigid Federal standards of airport maintenance and safety has created, the report emphasises, an explosion of demand that American manufacturers cannot fulfil, or have tried to exploit by raising prices.

## Specifications

The report takes a three-dimensional look at the market from the point of view of equipment needed, the requirements of individual airports, and the demands of individual airlines.

Equipment needed is for sectors including planning; runways, taxiways, apron and access roads; buildings; building installations; air traffic control and navigation aids; ground communications; airport lighting; workshop and hangar equipment; aircraft handling, maintenance and servicing; aircraft fuelling; safety equipment; passenger handling; baggage and cargo handling; miscellaneous vehicles.

The report emphasises that responsibility for equipping airports is divided in the U.S. between Federal authorities (who handle purchase, installation and operation of all in-flight aids and airport lighting systems to the point of touchdown), the airport management, often the neighbouring city authorities responsible for getting the aircraft on and off the tarmac and

for safety and maintenance, and the airlines who take on baggage and passenger handling and equip their own terminals.

The point on which the report is insistent is that airport authorities and airlines appear to have virtually no forward planning machinery for equip-

ment and provided that the British manufacturer learns the specifications, understands what is acceptable on the American market (for example, reverse sloping windcreens on airport vehicles are essential) and takes the trouble to make contact with the purchasing authority on a personal senior level, he has an excellent chance of doing business.

Areas singled out in the report as offering ready opportunities for British initiative are: Buildings—the U.S. has yet to develop high quality standard terminal buildings. Ground communications—urgent need for three-channel portable equipment.

Mr. Walter Lamb, executive secretary of the U.S. Committee, castigated British industry at the presentation of the report for its lack of interest in tackling major U.S. markets. The Committee was mounting a mission for airline and airport equipment makers in November. Seven weeks ago he had written, giving details to 51 companies. Of these 13 had replied of which six wanted to join the trip.

The market, according to the report, using U.S. Federal Aviation Administration figures, is of the order of \$2,200m. over 10 years. By 1981 U.S. airports will handle 500 enplanements a year the Administration calculates. By 1981 the U.S. will need to build 809 new airports and improve a further 3,140 fields.

Ground support equipment: airlines complain that a new range is needed to cope with wide bodied jets. The American airlines have got together to produce common specifications for this type of equipment. Particular need for refuelling tankers—also needed in Europe.

Fuelling—Hydrant fuelling equipment demand will revive as the airlines get over the recession.

Fire and rescue equipment—New federal certification requirements coming into force next spring have created explosion of demand.

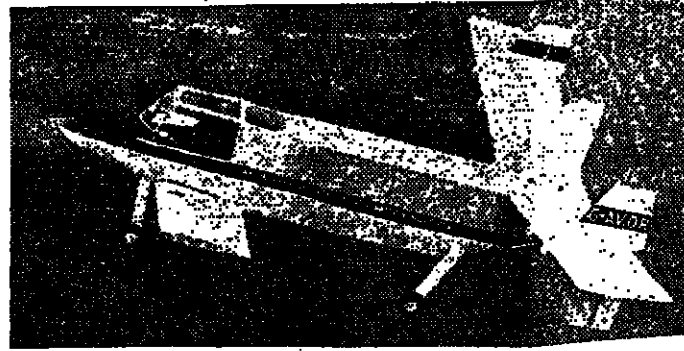
Runway safety—Certification will require instruments after May 31 next year. Authorities consider the MU-meter for measuring breaking coefficients too expensive at \$5,870. Also machinery needed to remove rubber waste.

Passenger handling—Only one U.S. maker of loading bridges in the market, his prices are too high and delivery times too long.

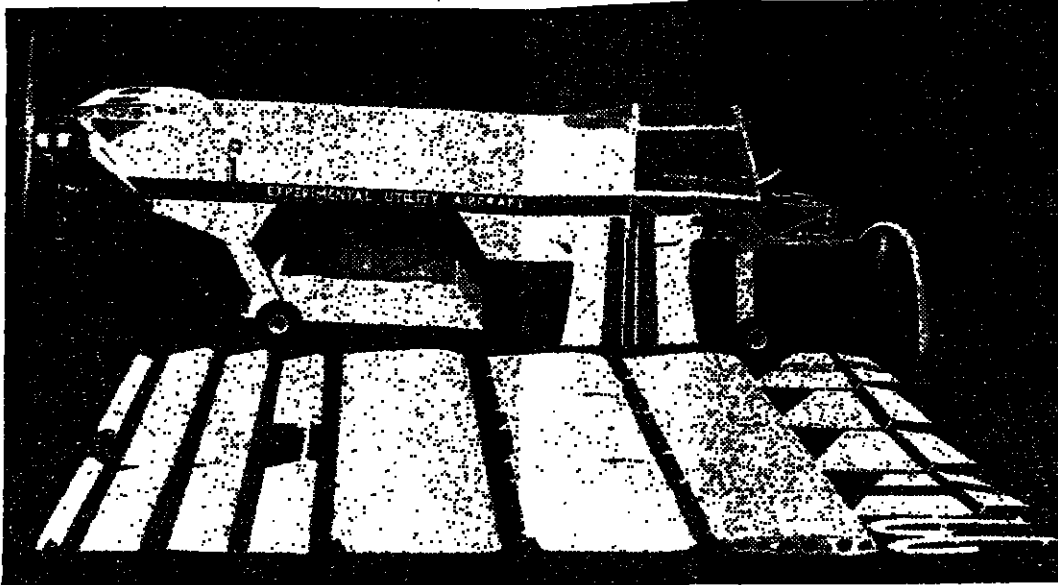
## Ignorance

The report comments: "There is an almost complete absence of knowledge among U.S. airport and airline executives of the products of or even the names of British airline and airport equipment manufacturers. Assuming that the various products and services they offer meet the specifications, standards and criteria laid down elsewhere in this report, it will be necessary for British manufacturers to make considerable impact upon the U.S. industry if they are to succeed."

"There is considerable interest in Concord, heightened by the apparent abandonment of the American SST. Manufacturers can capitalise on experience of this type and indeed, if it could be arranged, the arrival of the mission in the Concord on its first transatlantic flight, even though this is only a test flight, would achieve an incalculably beneficial effect."



This unorthodox-looking aircraft, which knocks down into the "model aircraft" kit below, was unveiled this week at the Business and Light Aviation Show at Cranfield. Flown for the first time just before the show, it is poetically christened the Land Development Aircraft by its makers, Loekspeiser Aircraft. It is designed to answer the demand in developing countries for a low-cost air Landrover, the company says, and claims it will be capable of roles varying from crop spraying to passenger and freight carrying, air survey, ambulance and firefighting, roles it can adopt by swapping its bellypacks. The unusual tandem wing configuration was chosen to give the aircraft maximum capacity with a non-critical centre of gravity. The cost of the aircraft is expected to be less than £10,000.



## £1.7m. credit line for NZ Sudan agents

LAZARD BROTHERS and Co. has signed an agreement for a £1.7m. line of credit with the Tasman Pulp and Paper Company, of New Zealand. The credit, which is guaranteed by the Export Credits Guarantee Department, will be used by Tasman Pulp and Paper Company to purchase from British manufacturers equipment for a new sulphate pulp mill being constructed at Kawerau.

Under the terms of the line of credit, finance will be available for 88 per cent of the U.K. element of approved contracts. The funds are being provided by a consortium of British banks led by Lazard and comprising the Bank of Scotland, Barclays, Clydesdale, Coutts and Co., Lloyds, Midland, National Westminster, The Royal Bank of Scotland and Williams and Glyn's.

The Sudan Government has appointed Lomrho Exports, a member of the Lomrho Group of companies, as sole agent for state purchases of capital and semi-capital goods in the U.K. Lomrho Exports has also agreed to act as purchasing agents in other countries on such occasions as the Government may require.

Wellworthy, a member of Associated Engineering Group and Europe's major producer of diesel engine piston equipment has established resident representation in the U.S. to create direct liaison between the engineering division and the U.S. market. The company will open from the offices of Brice M. Products of Richmond, Indiana.

SELLING TO THE U.S.—2

An off-the-peg  
subsidiary

BY DAVID CURRY

Mr. Peter B. Warner, a former managing director of Quaker Oats and vice-president Europe of The Quaker Oats Company has arrived in Britain to promote his newly-formed management service for U.K. companies with an eye on the U.S. market.

"With the pre-occupation about Britain's entry to the EEC, the vast potential for increased exports to the U.S. is not getting proper consideration," he declared in London yesterday.

"The fact is that in 1970 the U.S. imported \$332.7m. of goods from the U.K. In the same year total U.K. sales to West Germany, Italy and France were just a frac-

tion more at £1,081m. The population of the U.S. is greater than that of the EEC excluding Britain.

"The difference between potential and what is achieved in terms of British exports to the States is very substantial," declared, citing in particular consumer markets.

The problem, according to Warner, was "limitations of export state of mind and methods of absentee management."

Unless a company had a staff with expert knowledge and experience of American business it was faced with the problem of recruiting suitable management for its U.S. development and investing resources in both of cash and personnel in unfamiliar environment.

His company said Mr. Warner aimed to obtain specialist services and information, integrate them into an effective programme, and provide management direction and leadership implement the plan. Banking, finance, legal counsel, recruitment, market research and processing would be among services on offer.

"We act as an overseas subsidiary adhering to a company's policies and budgets," explained.

## Taking a leaf

Staffex International, fusible interlinings manufacturer, has licensed its process to the Harodite Finishing Company of North Dighton, Mass. Joint marketing company has the Dighton manufacture Staffex product throughout U.S. and Canada.

## BRITISH ASSOCIATION MEETING

Economics 'disappointing  
as a science'

BY DAVID FISHLOCK, SCIENCE EDITOR

ALTHOUGH economics as a profession was flourishing, its performance as a science "seems curiously disappointing," confessed Mr. C. D. N. Worswick, director of the National Institute of Economic and Social Research, in his presidential address to the economics section of the British Association meeting at Swansea yesterday.

Mr. Worswick cited such unanswered questions as the cause of inflation in Britain at present; whether devaluation improved the balance of payments, and for how long; why the rate of growth in Britain and the U.S. was so much slower than elsewhere; whether we could really distinguish a monopoly profit from a reasonable rate of return; and whether free trade helped or hindered economic development.

"That economic science may not provide complete answers to such questions is understandable and acceptable," he suggested, "but are we any nearer to answering them than we were 10 or 20 years ago?"

Economists headed the list in an American study of salaries in 13 professions, with a mean salary of \$13,000 a year. "If it is argued that the opulence of its practitioners is no conclusive demonstration of the progress of the science, even more strongly it might be objected that poor economic performance or policies are not necessarily evidence of the lack of it."

## Pest control

There were good reasons, he believed, why, when things went wrong, the entire blame should not be laid on the door of economists. "But they cannot be wholly exonerated; nor indeed should they seek to be."

Pest control, by putting one insect-dolbyer against another, instead of attacking

an indiscriminately with insecticides, was near, Prof. G. C. Varley, of the University of Oxford, said in his presidential address to the zoological section.

Up to now, the introduction of beneficial insects to control pests had been a hit-and-miss affair, he said, citing the way Koebele in the last century had searched for a predator to attack the insect causing cottony-cushion scale that had infested the citrus groves of Southern California.

"Now, at least in principle," Prof. Varley said, "it should be possible to predict the likely outcome of introductions."

He described mathematical models on which he was working, with which, he said, it should be possible to discover how best to integrate control measures using both biological and insecticidal means. The calculations could be done on "quite small" computers.

But before this could be done, he warned, more detailed measurements of the effects of insecticides would be needed. Only when their effects on both parasite and predator had been assessed could the long-term effects of regular applications of insecticide be calculated.

If it had not been established, said Prof. Varley, whether a pest was reaching dangerous population levels, an insecticide should be applied that aimed to eradicate 99, 99, 99 or 50 per cent of the pest. Nor was it known whether a persistent or a non-persistent chemical should be preferred.

Britain should have no hesitation about planting more trees for timber, Mr. John Zehetmayer, the Forestry Commission's senior officer for Wales, told the forestry section in his chairman's address.

People forewarned that the world would supplant timber requirements so drastically that Britain would not need the wood it was already growing.

If we were ever likely to grow 80 per cent or even 60 per cent of our current needs, one might hesitate to continue planting, he said.

But as it is unlikely to be per cent, it would appear "as if to certain as can be," none would be wasted.

Moreover, could it be desirable, he asked, to substitute material that were virtually indestructible for a biologically produced material that could be both regenerated and recycled?

More than 100,000 acres of timber should be planted in Britain each year until the end of the century, with each forest cover 200,000 acres, Mr. John Campbell, chief executive of the British Forestry Group, told the Forestry section. Even if this was done, forest land in any region need exceed 20 per cent of the total.

A new planting programme needed to ensure that trees for our children and grandchildren to enjoy, would also be important to Britain joined the Common Market.

Britain, the world's largest timber importer, would be least EFTA member country that was exporter—to join a group which produced only half its needs.

Mr. Campbell said the EEC met only 87 per cent of its timber consumption from internal production. The balance would fall to 47 per cent if Britain joined.

## Food additives

British food manufacturers fewer additives than many of their rivals overseas, claimed P. J. E. M. Coppock, director of research and scientific services, Spillers, speaking to the British Medical Science section.

One reason, he said, lay in the fact that manufacturers had to show that an additive was necessary before it could be used. Britain's policy differed from that of the U.S., Canada or the EEC, where the use of more food additives of a particular kind might be permitted than seen in Britain, a technological need to be demonstrated, in addition to its safety toxicological.

Life assurance law 'should be  
strengthened in 3 main areas'

BY KEITH LEWIS

IN ITS evidence to the Scott Committee on property bonds and equity-linked life assurance, Hambro Life Assurance calls for greater responsibility for life assurance companies to the public.

The group believes that the time is ripe for an overall look at the governing life assurance companies, and concludes that existing legislation should be strengthened in three main areas: the tightening of regulations to ensure solvency; disclosure of information; and the prohibition of dealings with associates.

As with most of the other evidence submitted to the Committee, under Sir Hilary Scott, Hambro Life's 18-page document should be extended to examine all forms of life assurance, and not necessarily suggest that bonus rates (in the case of traditional offices) be declared on the same basis. It is further argued that the paid-up capital of a life assurance company be

avoided by "imposing on the actuary each life company far-reaching obligations and powers."

The group makes a case for every office to have a full-time actuary, who should certify premium rates and be responsible on a continuing basis for monitoring the solvency of the office.

In the event of his being dissatisfied "he should be obliged, if the management of the office will not comply with any modification in activities he feels are necessary to report the matter to the DTI."

Furthermore, Hambro Life believes that full actuarial statements certifying that unimpaired capital and reserves are adequate to support the scale of business should be made annually in place of the present three-year cycle.

However, the company does not necessarily suggest that bonus rates (in the case of traditional offices) be declared on the same basis. It is further argued that the paid-up capital of a life assurance company be

raised to a minimum of £250,000. Predictably, the group calls for controls on management charges and commission rates, and who pays them.

It considers the proposal impractical on a continuing basis, and regarding the recommendations of an actuary's role in fact cover duties which the present actuary already carries out. The persistence in the past with the life office has been to have the actuary function best given the maximum freedom to use his judgment.

However, the introduction of such controls has three main problems which a considerable amount of research is being carried out on. Some of Hambro Life's suggestions are already being actively encouraged by the Institute of Actuaries but the company believes that the ultimate decision with the individual actuary is better than to impose detailed legislative controls.

Have you tried  
the double-barrelled  
scotch?

## The first barrel.

The first time Cutty Sark sees the inside of a barrel it isn't even Cutty Sark.

It's as many as 30 (or maybe more; only the man with the Cutty Sark secret knows exactly how many) classic straight whiskies made at distilleries throughout Scotland's Highlands and Islands.

These whiskies slumber down the years in oaken casks; breathing the soft, pure Scottish air as they slowly attain their own personal peak of maturity.

When the time is right, they are all brought together. Some of this, some of that, a touch of this and gradually Cutty Sark is born.

## The second barrel.

Then, when most of us would be tempted to put the precious liquid straight into bottles, the man who blends Cutty Sark insists on something that makes Cutty Sark the brow scotch that it is.

He knows that, once in the bottle, whisky stops maturing. Because it cannot breathe through glass. So he puts Cutty Sark back into casks. Back into the wood.

Now starts a honeymoon that will last

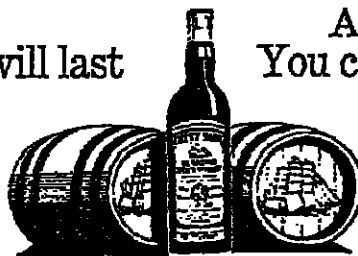


Cutty Sark is matured in the wood not once but twice to bring out the full flavour of the malts.

for eighteen months or more. When it is over the malts will emerge transformed.

They will have mingled, married and matured together. Growing in character until a flavour is created that is undoubtedly much greater than the sum of its parts.

And that's the double-barrelled scotch. You can't set your sights any higher.



**Cutty Sark**

Double-barrelled to mature the malts.



# In pursuit of a Gold Rouble

BY A. H. HERMANN

ECONOMISTS brought to the microphones of East European radio stations to explain the monetary problems of the West have in the main lubricated about "the general crisis of capitalism" and the inadequacies of U.S. foreign policy. It is therefore not devoid of irony that when the Russians this week announced new exchange rates (the significance of which in any case was extremely limited) they tied the rouble to the dollar—not to healthier western currencies.

Another debating point made in the East is that the gold contents of East European currencies is higher than before the war. The point is not helpful since none of these currencies is really convertible into gold. But one point these commentators have made is of practical interest to all concerned with East-West trade: they have said that the Comecon countries can "protect themselves collectively against the currency crisis of capitalism and its adverse consequences" and added that they are able to do so by the monopoly of foreign trade and foreign exchange which they practise.

Unfortunately, nothing is said about the nature of these "adverse consequences" nor about the contemplated defensive measures. Since, however, both the immediate changes in exchange rates and the possibility of continuous market-generated changes are bound to have some effect on East-West finance, it may be worth trying to assess what these consequences will be. The immediate consequences for the Soviet Union and other Comecon countries will depend on the state of their account with Western economies and on the currencies in which any balance is denominated.

with Austria is on the whole balanced. The upheaval is entirely on the Austrian side where the Government has to find ways of counterbalancing the revaluation of the schilling (or devaluation of the dollar) which put at a disadvantage individual Austrian exporters and hence Austrian importers.

Looking at the immediate situation, one can see only benefits for Eastern Europe and the puzzle remains as to what may be meant by the "adverse consequences" of the devaluation of the dollar which the East will have to organise "collective protection".

The main disadvantage which the new elasticity of Western exchange rates could have for the Comecon countries is the danger that the Western monetary system will cease to provide the central bankers of Eastern Europe with an instrument for debt will be devalued, their export proceeds expressed in other currencies will be mainly revalued. There is, of course, the threat that the Western monetary system will be left floating for ever, on import contracts and credits taken in D-Marks or other rising currencies. But this will happen only in very exceptional cases. Most Soviet orders placed in West Germany since revaluation in 1969 have a gold clause, so that the whole difference from the higher valuation of the D-Mark will have to be borne by the West German supplier. Even in 1969, when Soviet importers were not protected by a gold clause, they succeeded in many instances in convincing the West German supplier that he should bear at least half of the exchange rate difference for the sake of future orders.

Other Comecon countries have also taken timely protection. The Bulgarian state shipping company, for example, replaced its D-Marks in its sea waybills by the Levant as early as May. A particular category of problems is created where Western countries are using "accounting dollars" in its trade with Comecon, as in the case with Austria. The devaluation of the dollar in relation to the Austrian schilling should leave the Comecon countries indifferent because their trade leaders share with many of their

Western colleagues the fetishistic approach which associates the stability of the exchange rate with the image of national strength. It is quite possible that events in the West will serve as an argument for speeding up the Comecon's own programme for establishing a convertible currency.

At present, the Comecon countries do not even have an internally transferable currency and the trading partners must balance their trade bilaterally. This, of course, keeps the exchange of goods at a low level and is a great obstacle to specialisation of production and economic integration. The programme adopted at the 25th session of the Comecon Council in Bucharest in July has gone beyond previous efforts in this field by setting up a time-table for convertibility. During the period 1972-74 the present multiple rates (used for different types of payments) of national currencies will have to be correlated and the currencies made mutually convertible. This should be followed in the years 1976 to 1979 by efforts to replace multiple exchange rates by a national uniform rate for all types of transactions.

The final aim is a "collective currency," the Gold Rouble, which would end the restrictive effect of bilateral clearing accounts. In an economy where prices are arbitrarily fixed by governments, such a collective currency is unthinkable without central planning of intra-group trade and this again requires that the economic plans of all the Comecon countries should be drawn up in one centre.

The first step in this direction has already been taken by the Comecon office in Moscow which works on collective plans for key industries. However, to remove the planner from the national capital to Moscow and to increase the distance separating him from the factory and store may be a high price for a smaller country than the Soviet Union to pay for the convertible gold rouble. If it is ever achieved it may well make Comecon's economists think more kindly of the storm-torn monetary system of the West.

## Fetish

The fluctuation of Western currencies should not present any great problem to East Europe's banks in which some of the experienced foreign exchange dealers still survive. It is the planners in the Ministries of foreign trade who will be displeased. They are ready to ignore the great uncertainties of weather, fashion, of technological progress and political regression, but get upset easily if told that the planned dollar exports may be little less than the submitted figures indicate.

As East Europe's political leaders share with many of their

# Soviet Union increases its nuclear weapons lead

BY ROBERT MAUTHNER

THE SOVIET UNION now has about 50 per cent more land-based intercontinental ballistic missiles (ICBMs) than the U.S. launchers. It has, on the other hand, a qualitative lead in the number of warheads. The Soviet Union has moved further in the number of warheads. These are two of the most recent figures revealed by the 1970-71 "Military Balance" published today by the independent International Institute for Strategic Studies in London.

By 1975, according to the Institute, the replacement programme will have the effect of doubling the number of targets at which the total Minuteman force can strike. The Soviet Union has continued to develop its 20-25 megaton SS-9 missile and now has 280 operational weapons of this kind, according to the survey.

In addition it has 150 more SS-11 ICBMs than last year, of which 100 are deployed in the U.S.S.R. as a way as to suggest that they could be used against targets in Europe and Asia as well as the U.S.

Nevertheless, the Institute states that the deployment of these missiles has slowed down considerably since the beginning of 1970 and may have reached or be approaching its planned level.

For the moment, however, the American qualitative lead in this field, in the case of land-based missiles, is still substantial. Although the number of U.S. missile submarines remains at 41, four of these have now been

## Slow but steady

Soviet forces, on the other hand, have shown a slow but steady increase from 3,150,000 to 3,375,000 during the same period. While U.S. land, sea and air forces in Europe have been reduced from 434,000 to 300,000 during the last decade, the Soviet Union has built up its forces in Eastern Europe from 26 divisions in 1967 to 31 today.

"The Military Balance, 1971-1972," published by the International Institute for Strategic Studies, 18, Adam Street, London WC2N 6AL. Price 65p.

# Berlin agreement is delayed

BY OUR OWN CORRESPONDENT

WEST BERLIN, Sept. 1.

THE SIGNING of the Four powers agreement on Berlin, planned for 1 p.m. today, has been postponed. The official work of preparing the German text of the agreement, which is being done by the U.S. and the Soviet Union, has not yet reached the early hours of the day. There are said to be many points of difference—some in bed for the rest of the day. Sources said 19—on the wording of the agreement would have been signed today. Officials were insisting that the German text on which West German sources said that the agreement would have been signed today. Officials were insisting that the German text on which West German sources said that the agreement would have been signed today.

# W. German economy cooling down slowly

BY MALCOLM RUTHERFORD

BONN, September 2.

THE WEST GERMAN economy, which has been relatively more cooling down but only at a slightly slower pace, according to the latest batch of official indicators. These show that new orders were fractionally down, running at 2 per cent (in value terms) below deliveries, thus leading to some slight shortening of order books.

The average seasonal fall in orders from June to July in the goods sector last few years has been 8 per cent. This time it was 10.5 per cent. Without allowing for rising prices, July orders, however, were still fractionally up on the year. In this case, there is no doubt that the German boom is heavily overdone. The order index (1962=100) stands at 192. The three monthly average at the end of July, 1970 was only 184.

Two points are notable. In average maintained in recent years, but it was still 2.4 per cent up on July, 1970.

# PRETORIA PORTLAND CEMENT COMPANY LIMITED

(Incorporated in the Republic of South Africa)

The following is the review by the Chairman, Mr. R. F. H. Bellings, dated 23 August, 1971, which has been circulated to members together with the Report of Directors and Annual Accounts for the year ended 30th June 1971.

The Director's Report deals in detail with the company's activities.

Examination of the Ten-Year Comparative Record published in this Report, compared with that in last year's, will reveal lower reported earnings per share and consequently a reduction in shareholders' dividend cover throughout the period. This arises from the amended accounting presentation for the years 1961 to 1969. Assets Replacement Reserve as explained in the Directors' Report. Thus in respect of both the 1971 and the preceding year, the earnings covered dividends 2.3 times (compared with 3.1 on the previous basis) which may be regarded as a more realistic figure.

Production problems contributed to our sales objective not being achieved, the resultant marginal increase in sales being inadequate to offset increases in working costs. Improved returns from dividends and interest together with lower incidence of taxation associated with commissioning of new plant, contributed to an increase in taxed profit of 6.7% compared with the previous year, as shown in the accounts and reported by Directors.

The formation by the three major cement producers of a Central Marketing Organisation in the Northern area of the Republic should result in service benefits, flowing to the consumer with distribution advantages accruing to producers in the longer term.

There has been some improvement in the Railway transport system, but periodic shortages of facilities are being experienced. The policy indicated by the Railway Administration to use larger trains together with the proposal to expedite the turn-round of trucks will necessitate your company reviewing its existing exchange yard and staging facilities at factories and quarries. This could well involve additional capital expenditure.

A private bill which was enacted on the 14th July 1971 enables your company, in conjunction with the S.A.R., to construct a railway line to transport limestone deposits to be exploited in the Beaufort area. Certain formalities and other matters

have delayed the development referred to in my last review but it is proposed to proceed with this shortly.

The commendable objective of the Government to reduce pollution is currently receiving attention. Your company is aware of its responsibilities in this regard and has investigated procedures necessary to meet the stringent requirements prescribed. Because of the substantial expenditure involved the subject should be considered some form of financial assistance by permitting additional taxation concessions associated essentially with gas cleaning plants.

With the tight monetary policy adopted by the authorities I anticipate that the short term demand for cement will show a further reduction in its growth rate. Escalating costs associated with materials and wages are a matter of grave concern. It has become very evident that the production of a basic commodity, such as cement, involving capital-intensive processes, must be relieved of rigid control of its selling price and further, must be given greater discretion to utilise that great reservoir of labour which is available in the country.

Under the conditions prevailing in the industry, your company's management will be hard pressed to arrest declining profit trends. Nevertheless, the sound financial structure of the company achieved over many years with the Board's policy of prudent retention of earnings should enable it to maintain a steady and possibly a progressive dividend policy subject to circumstances outside the control.

The Portland Cement Institute and South African Cement Producers Association have served our interests well. We thank the staff of these organisations for their contribution.

To my colleagues on the Board, Managerial Staff and all employees I convey my thanks and appreciation for their co-operation during the year under review.

The seventy-sixth Annual General Meeting of members of Pretoria Portland Cement Company Limited will be held in Johannesburg on Friday, September 24th, 1971.

Copies of the Annual Report and Accounts can be obtained from the share transfer office of the company, Messrs. Charter Consolidated Limited, Kent House, Station Road, Ashford, Kent.



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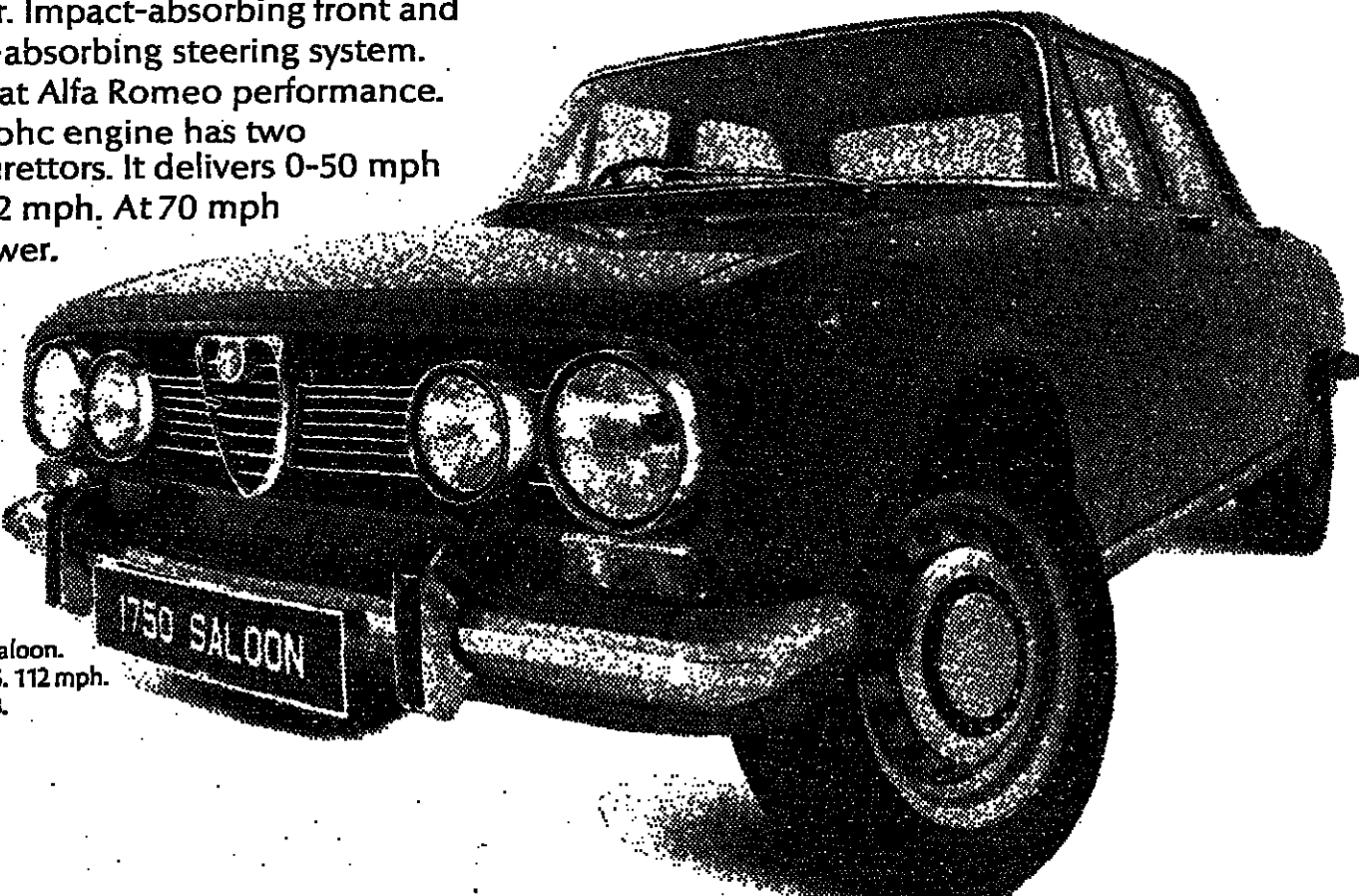
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## REACTIONS TO BANK RATE CHANGE

## AT HOME

## HP companies cautious over impact

BY MICHAEL BLANDIN

THE CUT in Bank Rate brings an immediate reduction in the cost of credit over a wide range of both industrial and consumer borrowings. Immediately, its most important effect is to cut the level of interest rates paid and charged by the big banks.

Forward Trust, one of the leading instalment credit groups, announced immediate cuts of between 1 and 1 per cent. on most forms of consumer lending. Reaction from other hire-purchase companies, however, was rather more cautious.

The "cartel" arrangement among the clearing banks is due to end when the Bank of England brings in its new credit control policy, and there has been considerable discussion in the banks of possible changes in the bases of their rates. At present, however, the maximum deposit and minimum overdraft rates are still directly tied to Bank Rate.

Wide range

The maximum rate paid on deposit accounts was therefore cut yesterday to 3 per cent.—2 per cent. under Bank Rate. The "blue chip" rate—the rate charged on overdrafts to top-quality risks in the industrial sector—came down to 6 per cent., 1 per cent. over Bank Rate.

The change is likely to provide a welcome relief to a wide range of industry. The number of companies which rate the minimum lending level is probably relatively small, and may have declined recently as the banks have tightened up on their lending rates. Many companies will be paying 2 or even 3 per cent. over Bank Rate, while individual borrowers may pay 4 or 5 per cent. over. Nevertheless, the result will be a drop in the cost of their borrowing right across the board, leaving the top overdraft rates probably below the 10 per cent. level.

The effects are likely to work through to other forms of lending less directly linked to Bank Rate, particularly the personal loans offered by the banks and their medium-term lending to industrial and commercial customers.

One bank, the Midland, immediately cut its personal loan rate yesterday from 7½ per cent. flat to 7 per cent., equivalent to a

true rate of a little over 13 per cent.

This brought the rate into line with National Westminster, where personal loans have been cheaper so far, and left it 1 per cent. under the Barclays rate. Both NatWest and Barclays, however, indicated that the rates would be under review following the change. Lloyds has no specific personal loan package, but does personal loans at normally 4 per cent. over Bank Rate.

There may also be changes in the rates charged on the longer term credit of up to five years offered by the banks to industry. The loans provided by Midland Bank Finance Corporation, for example, are on a rate calculated with reference to the cost of money, and both existing and new borrowers may benefit as a result of falls in money rates.

The initial reaction from most hire purchase groups was that it would take a little time before the impact of the change might be felt in rates. The Finance Houses Association argued that the Bank Rate decision might not have too marked an effect immediately on interest rates offered by its members. A

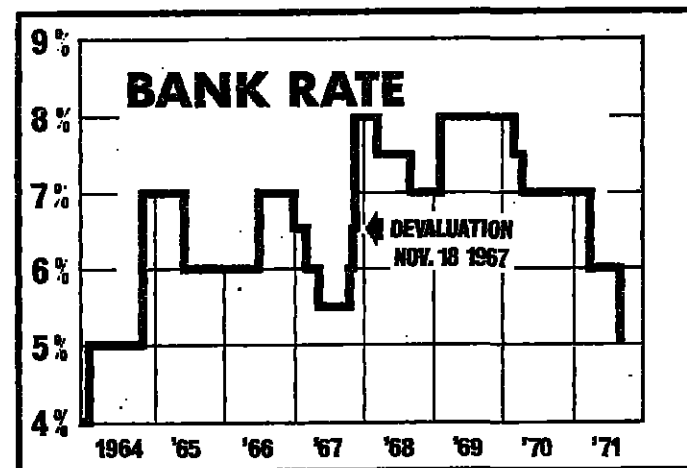
spokesman pointed out that more emphasis was now placed on the FHA base rate, linked to money market rates, than on Bank Rate.

United Dominions Trust, Britain's biggest instalment credit house, said: "We must wait and see what effect the lower Bank Rate will have on the cost of money before considering any reduction in credit charges."

At Lombard Banking, a subsidiary of National Westminster, it was decided to reduce to 6 per cent. the rate of interest paid on six-month deposits, while a decision on instalment credit rates will most likely be made to-day.

Forward Trust, a member of the Midland Bank group, immediately announced its lending rate cuts. They bring the standard rate charged on new cars down from a flat rate of 11½ per cent. to 10½ per cent., and on cars up to one year old from 12½ to 11½ per cent. Rates on used cars up to three years old came down from 14 to 13 per cent. flat.

The standard rate on loans for home improvements drops from 9 per cent. flat to 8½ per cent. At the same time, cuts of 1 per cent. flat were made in instalment credit terms for industry. For example, from 7½ to 7 per cent. for engineering plant costing more than £5,000, while rates for commercial vehicles drop by 1 per cent.



## Pressure for home loans cut

THE CUT in Bank Rate will bring further heavy pressure on building societies to make home loans cheaper by reducing their interest rates. A decision by the Building Societies Association should be forthcoming within the next month.

Record funds being attracted by the movement, as well as the high liquidity ratio being enjoyed by many societies, have been prompting increasingly regular suggestions that the time for a lowering of rates has come.

It now appears that there is a growing body of opinion within the movement itself which feels a downward adjustment of the rates received by investors—

which would be accompanied by a cut in the 8½ per cent. mortgage rate paid by borrowers—could be made without impairing the high inflow of money.

The societies all expressed a warm welcome for yesterday's move and many confessed that it brought the time for a change in the interest rate structure much nearer than had been previously anticipated. Most said the situation would be the subject of detailed consideration within the next two or three weeks.

The Bank Rate reduction is primarily designed to influence short-term interest rates but the societies pointed out that the move would work its way through to affect medium and

long-term rates with which the movement has to remain competitive.

A characteristically cautious statement issued yesterday by the BSA said that the Bank Rate cut was welcome and it was hoped that the decision would herald a reduction in the general level of interest rates throughout the economy.

The BSA statement contained the strongest hint yet that a cut in rates was now a definite possibility. It read: "Evidence of a reduction in the rates offered by competitors will create prospects that building society rates can also be lowered without seriously impairing the supply of home loans. The council will keep the position closely under review."

## A welcome from industry

BY MICHAEL CASSELL

THE BANK Rate decision was generally welcomed yesterday as a further reflationary stimulus which should help improve confidence and levels of investment throughout British industry.

The Confederation of British Industry said that the Bank Rate cut was "not surprising" in view of the measures taken last week by the Treasury to stop the inflow of "hot" money into the U.K.

A spokesman welcomed the decision which he said should prove to have a helpful effect on the country's balance of payments and provide a much needed reflationary stimulus for industry as a whole.

By helping to boost investment levels with its consequent effects on expansion programmes, the move could help in avoiding any further increases in unemployment

ment in future months, he added.

The motor industry also gave its approval for the decision. The Society of Motor Manufacturers and Traders said the cut would help reduce some of the heavy cost pressures on business as a whole. Although, in itself, it was not a major step, when taken along with recent credit buying moves and taxation cuts the decision was a "useful further stimulus to overall confidence."

## New equipment

Mr. Frank Higham, director general of the Motor Agents' Association, said: "We are delighted. This must be beneficial in defreezing the economy. In particular, as far as the retail trade is concerned, this supports previous measures taken by this Government to relax controls and stimulate new

business."

Mr. Vic Feather, general secretary of the TUC, said the cut was "welcome if overdue." He added: "But it is odd that it is only because of an inflow of hot money that the Government has done this. It shows a strange sense of priorities in seeing 900,000 out of work and stagnant investment as merely a side issue."

The engineering industry said it considered the reduction "very welcome news." The Engineering Industries Association said: "It will enable companies needing new equipment to go ahead with their expansion plans. Other companies with considerable bank loans will have their repayment and interest problems eased and, in general, with money more readily available at a reasonable interest rate, the news is extremely good."

## U.S. sees move to stop £ appreciation

BY PAUL LEWIS

WASHINGTON, Sept. 2

THE CUT in British Bank Rate is seen here as a deliberate attempt to strengthen the British Government's hand in the forthcoming world monetary negotiations by holding down sterling's floating exchange rate. It is assumed here that the British authorities are determined to prevent the pound appreciating to a rate which might prove embarrassing when the full burden of Common Market membership is felt and when inflation starts to take its toll on exports.

By cutting Bank Rate now they should succeed in forcing out some of the hot money which has flowed into the country over the last few weeks and deterring any further capital inflows. This will reduce sterling's rate on the market or at least prevent it rising higher, just when the

world's major financial powers are trying to work out a new set of par values for their currencies.

As a result, Britain will go into tomorrow's meeting of the Group of Ten in Paris and all subsequent negotiations on this topic with sterling showing a lower appreciation on the market in terms of the dollar than most other floating currencies and its bargaining position will be correspondingly strengthened.

In the first place, the British will have more to offer by way of a revaluation of the U.S. in return for the withdrawal of the import surcharge. But as the same time they will also have a better chance of getting the pound into the right relationship with the yen and the Common Market currencies in any return to a fixed rate system.

## Ten to discuss Bank Rate

BY ADRIAN DICKS

PARIS, Sept. 2

DEPUTIES of the Group of Ten met here to-morrow for the first multi-lateral meeting between the U.S. and all its major trading partners since President Nixon's economic package of August 15.

Clearly the deputies will spend some time reviewing what has been happening in the foreign exchange markets since most major currencies have been allowed to float against the dollar. An immediate point of interest will be yesterday's sharp 1 per cent. cut in British Bank Rate. It is understood that in this context they will have available a Paper seeking to draw some preliminary conclusions compiled by the OECD secretariat.

It is extremely unlikely that they will hold anything resembling a general bargaining session on the new relative values of currencies. Neither the Americans, who will be represented once more by the Treasury Secretary, Mr. Volcker, nor the Europeans appear to think the time is ripe for such a negotiation. It appears, rather, that Mr. Volcker's brief will be to restate the American position in all its simplicity and then listen to what the Europeans have to say.

Beyond restating what are now fairly well-rehearsed public

## STOCK EXCHANGE BUSINESS IN AUGUST

## Turnover down £1,491m from July peak

BY ERIC SHORT

THE holiday month of August saw much quieter trading on the London Stock Exchange following the record business in July. Turnover fell by £1,491m to £4,226.3m from the peak figure of July.

The Financial Times Stock Exchange Turnover Index for All Securities was 151.1 in August, compared with a record 200.8 in July and 145.2 in June.

However, trading in the month exceeded by £200m the highest monthly value in 1970 and indicated that the boom experienced this year on the Stock Exchange is by no means finished.

Both main sectors of the market had a lower volume of business in August. In gilt-edged it slumped £1,113m to £3,121.9m, the second lowest monthly total this year.

The Financial Times Turnover Index for British Government securities in August was 153.9, against 151.7 in July and 130.4 in June. So far this year monthly turnover in gilt-edged has not fallen below £3,000m.

Business in other fixed-interest securities went up by £12m, so that turnover in all fixed-interest securities dropped £1,101m to £3,531.8m.

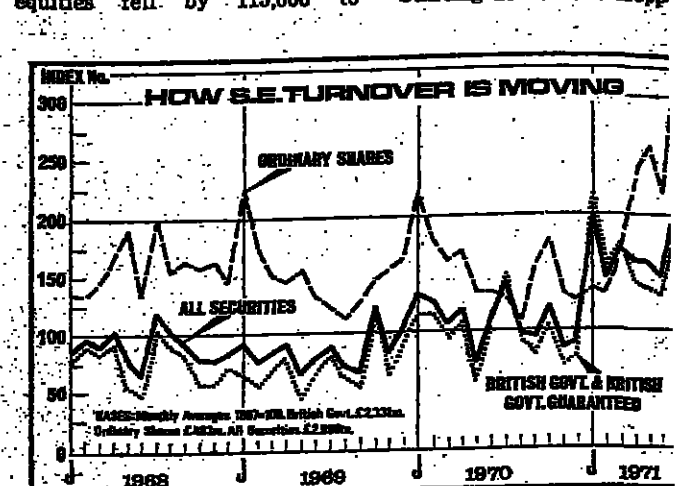
## Equity sector

Conditions were also quieter in the equity sector where business was down £390m to £1,144.5m from the record July. Even so, turnover in Ordinary shares has exceeded £1,000m for five successive months, stimulated by the renewed activity in the merger and take-over field.

The Financial Times Turnover Index for Ordinary shares in August fell to 236.7 from the peak of 317.2 in July.

With one fewer day for busi-

ness in August compared with a month earlier, the number of bargains was 133,000 lower at 551,667. However, it was still the highest total this year and a higher number of deals was recorded only once in 1970. Government Securities equities fell by 115,000 to 4,115,000.



439,560, while gilt-edged deals were 8,000 down at 40,662.

The main factor affecting markets was the economic package announced by President Nixon on August 15 and the consequent repercussions on exchange rates.

Steady climb

The performance of sterling in the foreign exchange markets but gilt-edged on a rising trend. And although equity prices fluctuated considerably, their underlying tone was firm. Both sectors received a boost from

its low point of 73.77 on August 4. It then climbed steadily to a 1971 high of 75.98, before falling slightly to end at 75.53.

The fluctuation in exchange rates was illustrated by behaviour of the Financial Times Industrial Ordinary Share in August. It fell to month's low of 359.5 on August 4, then climbed rapidly to 411 on August 15.

From this point, it dropped to 407.7 on August 18, but smartly ahead to the year's low of 419.2 on August 25, before slipping back to finish at 411.

Category	Value of all purchases % of and sales total	Number of bargains	% of total	Average value per day	Average value per bargain	Average no. bargains per day
British Govt. and British Govt. Guaranteed:						
Short-dated (having five years or less to run) ...	1,603.7	35.4	11,816	2.2	76.4	134,585
Others .....	1,518.2	32.5	28,746	5.2	72.3	52,813
U.K. Local Authority .....	107.4	2.4	6,738	1.2	5.1	15,944
Overseas Govt. Provincial and Municipal .....	15.6	0.3	2,947	0.5	0.7	5,275
Fixed Interest Stocks, Pref. and Pref. Ord. Shares ...	136.9	3.0	61,770	11.2	6.5	2,216
Ordinary Shares .....	1,144.5	25.4	439,550	79.7	54.5	2,604
Total .....	4,226.3	100	551,667	100	215.5*	8,205*

\* Average of all securities.

## German rate cut unlikely

BY MALCOLM RUTHERFORD

BONN, Sept. 2

SOURCES CLOSE to the Bundesbank to-day described the British cut in Bank Rate as a domestic move having no great effect on other countries, including Germany where the rate has been at 3 per cent. since April 1.

The sources said it was most unlikely that the German rate would come down any further in the next two or three weeks, because the Bundesbank would await the outcome of the many discussions on the international monetary system before taking any action.

The British and German rates were highly sensitive to each other earlier this year when both Lon-

## An Investors Chronicle Conference

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## July brick stocks at 'low' for year

BY MICHAEL CASSELL

BRICK STOCKS continue to decline as construction activity throughout the country gradually improves. Figures from the Department of the Environment show that stocks in July were at their lowest since this year and nearly half of what they were in the same month of 1970.

The number stockpiled during the month totalled 380m, compared with 444m in June and 727m in July 1970.

A rundown of stocks at this time of year is only to be expected as construction activity reaches a seasonal peak, but the extent of the reduction provides further evidence of a healthier level of building work currently being undertaken by contractors.

## Deliveries up

The Department's provisional statistics also show that production during July reached 549m, a drop of 16m on the previous year but 37m more than in the same month of 1970.

In seasonally adjusted terms, the month's output represents a stock increased to 422,000 tons

4 per cent. increase on the monthly average for the second quarter of this year.

Deliveries of bricks to construction sites during July amounted to 808m. In the previous month, this figure was 634m, and at the same time last year deliveries were up at 615m. On a seasonally adjusted basis, deliveries were 3 per cent. up on the period April to June.

The Department also said yesterday that average weekly cement production during the month was provisionally put at 362,000 metric tons compared with 350,000 tons in June and 365,000 tons a year before.

After seasonal adjustment, metric tons a week against 333,000 tons in the same month of 1970.

Cement deliveries in July totalled 354,000 metric tons, a drop of 16m on the previous year but 37m more than in the same month of 1970.

In seasonally adjusted terms, the month's output represents a stock increased to 422,000 tons

## TriStars complete 500 hours

THE FIRST three Rolls-Royce RB-211 powered TriStars have between them completed 500 hours of flight testing. A Lockheed spokesman in London said yesterday that with one-third of the test schedule now completed the flying had so far shown there was no need for any significant changes in the aircraft.

When it enters service next year, initially with Trans World and Eastern Airlines, the aircraft will meet or exceed all performance guarantees, the spokesman said. The TriStar is expected to improve on the low noise and automatic landing guarantees.

Measurements during testing had borne out that the aircraft would be quieter than any commercial jet aircraft in service or scheduled to enter airline service.

Some 50 automatic landings had also shown that TriStar's ability to operate in bad weather would exceed the guarantees given to the airlines.

Certification flying to obtain a J.S. airworthiness certificate will begin in mid-November

## Scottish committee considers Six entry

BY ANDREW HARGRAVE, SCOTTISH CORRESPONDENT

EDINBURGH, Sept. 2

There was still "widespread confusion" in Scotland about the Common Market, said Mr. James Marjoribanks, former Ambassador to the European Commission and head of the U.K. delegation in Brussels, here to-day.

Sir James, now retired, is chairman of a committee appointed by the Scottish Council (Development and Industry) to consider the Scottish implications of U.K. entry.

After the committee's first meeting Sir James said he thought there was "considerable scope for enlightening public opinion on the subject."

He thought regions like Scotland stood to benefit from regional policies, both industrially and agriculturally. The present U.K. development policy was broadly speaking admirable, particularly as there was no final EEC policy, and Scotland could benefit from investment by the European Investment Bank.

However, Sir James admitted

that past experience within the EEC indicated no "spectacular or quick results" in relation to less developed regions such as Southern Italy or Northern France. At the same time, he added, there was no question of Brussels hindering regional development policies.

Dr. W. S. Robertson, executive vice-president of the council, insisted on the need for safeguards for Scotland, particularly in the field of investment, communications and direct representation in Brussels. "Scotland's positive potential can only be realised if these safeguards were taken," he said.

Dr. Robertson also announced that the council's second "cease-and-desist" study, dealing with the idea of exploiting the deep-water potential of the Clyde coast and a land-bridge to the Forth, would be published towards the end of October. "It is to be a European and market research study," he added.



# 1,491 Other Overseas News

## Massive "yes" for federation

CAIRO, Sept. 2. — Egyptians recorded a near 100 per cent vote in favour of confederation with Syria and Libya, Interior Minister Amr al-Sayid announced today. The results of the referendum, which was held on August 28, showed that 99.9 per cent of the 13,228,000 registered voters had voted "yes", giving a favourable result to the new federation of Arab states. The results were: 13,228,000 "yes" votes, 1,000 "no" votes, and 1,000 blank votes. The results were announced in a ceremony at the Ministry of the Interior. The Minister said that the results showed the Egyptian people's desire for a closer union with their Arab brothers. He said that the results were a clear indication of the Egyptian people's support for the Arab League's initiative to create a new federation of Arab states. The Minister said that the results were a clear indication of the Egyptian people's support for the Arab League's initiative to create a new federation of Arab states.

From this point, the Minister said, the Egyptian people's support for the Arab League's initiative to create a new federation of Arab states was a clear indication of the Egyptian people's support for the Arab League's initiative to create a new federation of Arab states. The Minister said that the results were a clear indication of the Egyptian people's support for the Arab League's initiative to create a new federation of Arab states. The Minister said that the results were a clear indication of the Egyptian people's support for the Arab League's initiative to create a new federation of Arab states.

## Government to meet Jordan guerillas

By Our Middle East Correspondent  
JERUSALEM, Sept. 2. — Representatives of the Jordanian Government and the PLO met in Amman today to discuss the possibility of a ceasefire. The meeting was held in a private room at the Amman Hilton Hotel. The Jordanian representatives were led by the Minister of the Interior, and the PLO representatives were led by Yasser Arafat. The meeting was the first of a series of talks between the two sides. The Jordanian Minister of the Interior said that the Jordanian Government was willing to discuss a ceasefire with the PLO. He said that the Jordanian Government was willing to discuss a ceasefire with the PLO. The PLO representative said that the PLO was willing to discuss a ceasefire with the Jordanian Government. He said that the PLO was willing to discuss a ceasefire with the Jordanian Government.

## Nigeria to seek a 33 1/3% interest in AGIP oil concessions

LAGOS, Sept. 2. — The Nigerian Government is negotiating to take up a 33 1/3 per cent equity position in an oil concession covering an area of about 5,000 square miles. The concession is being offered by the Italian oil company, Agip. The Nigerian Government is negotiating to take up a 33 1/3 per cent equity position in an oil concession covering an area of about 5,000 square miles. The concession is being offered by the Italian oil company, Agip. The Nigerian Government is negotiating to take up a 33 1/3 per cent equity position in an oil concession covering an area of about 5,000 square miles. The concession is being offered by the Italian oil company, Agip.

## MAKARIOS GOES TO ATHENS

# Desperate need to break stalemate

BY ROBERT GRAHAM

THE PROBLEM of the divided Greek and Turkish communities in Cyprus has moved into a new phase with a visit to Athens by President Makarios. The Archbishop is due in Athens today for talks with the Greek Premier, George Papadopoulos. The Archbishop is due in Athens today for talks with the Greek Premier, George Papadopoulos. The Archbishop is due in Athens today for talks with the Greek Premier, George Papadopoulos.

At recent meetings both sides have resorted to exchanging formal letters which merely reiterate their respective positions. Neither side is prepared to take the responsibility for declaring the talks at an end. This reluctance gives cause for some hope simply because everyone knows that at the local level breaking of the talks would be an irreversible action which would lay the path open to extremists on both sides.

President Makarios to resolve the community problem. From letters exchanged between Mr. Papadopoulos and Archbishop Makarios it has emerged that Athens has suggested concessions by the Greek Cypriots principally in the form of the appointment of a Turkish Cypriot Minister for Local Government.

It further alienated Athens and in Cyprus aligned him more closely with the powerful local Communist Party which has in turn begun to step up its campaign against the presence of British bases on the island.

## Safety valve

The latest, and potentially most explosive, in a series of incidents occurred last week when 28 Turkish Cypriot "fighters" in uniform were apprehended by a group of Greeks on the main road between Nicosia and Famagusta. The Turks replied by taking 35 Greeks hostage. It was only after timely intervention by the United Nations peace keeping force and a friendly telephone conversation between Mr. Glafcos Clerides and Mr. Rauf Denktaş, the respective Greek and Turkish heads of the inter-communal talks, that the men were released. The incident had lasted some 12 hours. There have also been isolated incidents of shootings and claims of harassment by Greeks against Turks and the two communities.

## Confrontation

This stalemate is regarded with some concern by Mr. Papadopoulos' Government in Athens. Ever since the military junta came to power, Cyprus has been a priority problem, closely connected as it is with Greece's powerful neighbour, Turkey. A peaceful situation in Cyprus is regarded as the best way of avoiding a confrontation with Turkey. As a result, and with a degree of co-operation from Ankara, Athens has exerted pressure on

## Power base

It is against this background, then, that the visit is taking place. On the surface Athens has a number of sanctions it can impose like, for instance, the withdrawal of Greek troops. But such means of pressure are excluded as unrealistic. Besides Archbishop Makarios is astute enough to exploit the various sensitivities of both Athens and Ankara and he is confident of his own power base on the island. Ultimately Athens can do only two things. First, it can assure the Archbishop that all possible influence will be used with the Turkish Government to ensure a just solution and on this point Athens and Nicosia will need to work out a constructive attitude for talks between Greek and Turkish officials at the UN later this month. Secondly, the dangers of Archbishop Makarios' continued balancing act can be stressed. His fine political judgment has enabled him to play for all sides some of the time and yet be referee all of the time. This policy can work so long as the safety valve of inter-communal talks is effective. Any other possible initiative such as through the UN (which has been rumoured recently) is likely to be distrusted on the island.

## Marcos begins to lose support

MANILA, Sept. 2. — The current Philippines turmoil continues unabated. While President Marcos presents, or promises more evidence of Communist subversion and violence, the most violent part of the country continues to be on the island of Mindanao now beset by Muslim-Christian communal clashes. By a conservative estimate 600 people have died in Muslim-Christian clashes in Mindanao so far this year—mainly in the province of Cotabato. Now that violence, which usually centres around land disputes, has spread north to the provinces of Lanao del Sur, and Lanao del Norte, the situation is becoming more serious. The uncertain situation has resulted in many evacuations, to more northern provinces, while reports to-night indicate that refugees are fleeing as far away as Negros Island, 100 miles to the north of Mindanao. General Garcia, head of the

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Bache & Co. Incorporated	Shearson, Hammill & Co. Incorporated
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Burnham and Company	Clark, Dodge & Co. Incorporated
EuroPartners Securities Corporation	E. F. Hutton & Company Inc.
W. E. Hutton & Co.	F. S. Moseley & Co.
Paribas Corporation	Ultrafin International Corporation
G. H. Walker & Co. Incorporated	Wood, Struthers & Winthrop Inc.

## NZ shipping agreement

BY OUR OWN CORRESPONDENT WELLINGTON, Sept. 2. — AGREEMENT on joint New Zealand-Australian ownership of the P and O subsidiary New Zealand Union Steam Ship company was finally reached to-night after exactly 12 months of negotiations. Leading New Zealand business interests and Thomas Nationwide Transport of Australia will be equal partners in the consortium to buy Union Steamship for \$N224m. (about £11m.). The New Zealand Government has agreed to provide bridging finance to cover any shortage of capital required for the New Zealand share in the deal but Transport Minister Mr. Gordon To-night said that he expected the full amount required would be subscribed from New Zealand commercial interests within the next week or two. At present the

## MUSCAT RULER RIOT REACTION

By Our Own Correspondent BAHRAIN, September 2. — OMAN'S Sultan Qaboos has formed a special committee to examine workers' grievances following the daylong demonstrations and rioting by discontented labourers in the twin towns of Muscat and Muttrah yesterday, according to reliable sources here. Both towns to-day remain under a curfew imposed yesterday evening but special measures are being taken to get powerhouse and other essential employees to work. Trouble began with a dawn strike yesterday following which over 1,000 workers assembled in Muttrah and began a march on the Sultan's palace in Muscat. Vehicles were damaged and some shops were looted. The marchers protested against low wages, high living costs and particularly against large numbers of expatriate workers now being employed.



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## هكذا من الأحرار



# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHWEDERS

## NAVIGATION Charting a safer course

NAVIGATIONAL aids are in progress on a computer. Positions are then displayed and constantly updated with a watch-keeping system which will display the outcome of any collision course. The system is being developed by the Admiralty, having regard to the vessels present and the predicted courses for them. The system is being developed by the Admiralty, having regard to the vessels present and the predicted courses for them. The system is being developed by the Admiralty, having regard to the vessels present and the predicted courses for them.

## METALWORKING



## Reducing machine costing

On average, cope with 80 per cent of the type of work normally put on expensive jig borer where accuracies required do not exceed plus or minus 0.001 inch. The standard model has an all geared 14 inch capacity drilling and boring head, adjustable vertically by rack and pinion on a precision ground slide. The head has 8 spindle speeds, four power feeds and a precision inch/metric depth stop arrangement. The spindle nose can be provided with a standard Morse taper, screwed nose spindle, or quick change tooling. The coordinate machining table has 20 x 12 inch movements controlled by a recirculating ball lead screw for accuracy. The machine can be fitted with various numerical control and digital readout systems, and a computerized automatic turret can be included for high production.

## BRISTOL PLANT LIMITED

Extract from the Report by the Chairman, Mr. Leon Roydon. Profits for the period of 1967/68 are equivalent to an average of £206,010 on an annual basis, which compares with £143,510 for the previous accounting year and show an increase of approximately 43 per cent. The proposed final dividend of 8 per cent will make a total of 12 per cent for the 18 month period, an annual rate of 8 per cent compared with a 5 per cent for the previous year.

	1967	1968	1969	1971
Total Share Capital and surpluses	578,584	1,110,478	1,232,646	1,432,715
Turnover	2,122,588	2,588,577	3,008,296	3,531,223
Consolidated Profit (before Tax)	37,195	133,472	143,510	205,011
Consolidated Profit after Tax	28,935	80,772	108,366	171,581
Dividends Paid	21,717	32,227	39,346	65,296
Asset value per share	13.22p	14.15p	15.67p	17.33p

### OLYMPIA RASE 4/30.2 ELECTRONIC DESK CALCULATOR

Normal Price £225.00  
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Yes a desk calculator that is equipped with a 30 digit display and a 40 digit accumulator. The RASE 4/30.2 provides a complete range of calculation, including addition, subtraction, multiplication, division, and percentage calculations. It also features a built-in printer and a power supply.

## COMMUNICATION Totally screened cables

SMALL flexible cables offering virtually complete electrostatic screening, manufactured by the Belden Corporation of Chicago are now available in this country from Leonard Wadsworth and Company of Broadway, Wimbledon, London, S.W.19. The cables use a thin layer of aluminium to provide the screening, bonded to a polyester film which gives added insulation and mechanical strength. The 100 per cent shielding is accomplished by folding back both edges of the tape in such a way as to provide metal-to-metal contact between adjacent wraps, thus providing the same shielding effect as a continuous aluminium tube. Speed and ease of termination are provided by the addition of an earth wire. The cables, known as Beldfoil ISO-Shield are claimed to be lightweight, flexible and smaller in diameter than those using conventional braiding and also in many cases are more economical to use. They are available as single, twin, multi-pair, audio, data and coaxial cable types.

## Educational telecine unit

ONE of the things holding back the production of better educational television material in schools and universities is the lack of purpose-built equipment. Often such users have had to rely on ex-broadcast equipment, or whatever could be put together on site. Now, EMI Electronics of Hayes, Middlesex, has introduced a monochrome telecine unit intended precisely for this market. Called the 416, it is based on the company's "2004" 625/525-line camera unit. It incorporates a 16mm film projector, a 35mm slide projector and a caption unit, all multiplexed with the camera. If required, a second 16mm projector can be supplied in place of the slide projector. Full talk-back facilities and cue circuits are provided. Both positive and negative forms of film can be used with the system which also incorporates an automatic light control and a wide range of film densities to be handled without any readjustment of the controls. The 35mm slide projector is equipped with a detachable circular slide holder which has a capacity of 80 slides. The 7-inch viewfinder of the camera unit acts as a setting up and preview monitor. The viewfinder is raised above the camera and mounted on an adjustable plinth which can be rotated through 360 degrees.

## ELECTRONICS Solid-state reed switch substitute

A GALLIUM arsenide light emitting diode coupled to a silicon solar photo-darlington amplifier is now being offered by Monsanto of 10-18 Victoria Street, London, S.W.1, as a substitute for dry and mercury-wetted reed relays. The device features voltage isolation comparable to a relay but without the attendant problems created by a relay's magnetic field. It also has an isolation resistance of 1,011 ohms, an operating time of 10 microseconds, a release time of 35 microseconds, a contact current rating of from 0.1 to 125 milliamps DC and contact voltage ratings of 30 and 55 volts. Known as the MCA2, the device is also expected to have applications in triggering silicon-controlled rectifiers and triacs from logic, isolating high power solid state relays and replacing pulse transformers as line receivers. The unit weighs only 0.4 gramme and has all the reliability advantages of a solid state device.

## FINISHING Discussing protective coatings

PROTECTIVE coatings are used to prevent corrosion or wear, and may be applied to enable a cheaper material to be used for a fabrication instead of an expensive inert material (for example, coated mild steel instead of stainless steel). For the coatings to be reliable in service they must be inspected, but unfortunately it sometimes happens that the coated structure is designed so that some parts are inaccessible for inspection. With the aim of eliminating this problem the Non-Destructive Testing Society of Great Britain is holding a symposium to bring together designers, users and inspectors to discuss these aspects of protective coatings. The symposium, entitled "Non-metallic protective coatings—the interaction of design and non-destructive testing" will be held on February 15, 1972, at CEGB, Sudbury House, London, E.C.1. Details from NDTST, Warrior Square, Southend-on-Sea, SS1 2JY.

## PRODUCTS Moves on the slides

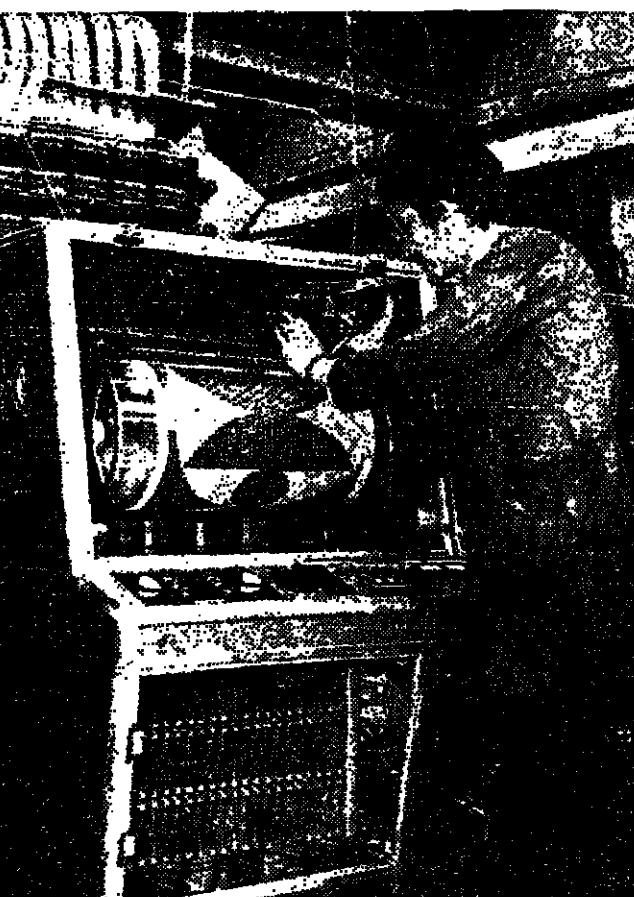
A CASSETTE recorder with pulsing facilities to change projected slides automatically has been put on the market by Signatron of Durnsford Road, Wimbledon, London, S.W.19. The cassette, which is recorded and played in one direction only, uses one track for tone recording to change the slides and the other for the audio accompaniment. The unit, called the Magister, can be used in conjunction with any suitable automatic projector. The audio output amplifier produces five watts into an internal speaker, and there is provision for an extension speaker. An audio input socket with separate control and level indicator are fitted. The cassette tape deck has fast forward and rewind and a pause control. Running speed is 11 inches per second. Hence a programmed tape can be prepared by inserting slide change tones by means of a front panel switch while recording a commentary on the other track. Alternatively, the audio can be recorded separately and the tape run through again for pulsing. An additional facility is the insertion of a different duration tone which can bring the programme to a halt, re-starting it by means of a button. When the tape finally stops the tape unit ejects the cassette and stops.

## Temperature indicators

TEMPERATURE indicating paints manufactured by Synthetic and Industrial Finishes, Imperial Way, Watford, Herts., under the brand name Thermindex, will in future be distributed and sold by the maker and not by the agents, Bayer Chemicals, who handled Thermindex for the past thirty years. The company also makes a range of other temperature indicating devices.

## Compressive loads measured

HIGH accuracy measurement of compressive loads up to 25,000 lbs at lower cost is claimed for a range of three dc energised load measuring transducers introduced by Sangam Controls, of North Bersted, Bognor Regis. Although the proof ring design is based upon a similar series of ac energised equipment, the new dc load transducers make possible useful economies by eliminating the need for an external high frequency ac supply and associated amplifier/modulator units, etc. The units cover the 250, 2,500 and 25,000 lb ranges, with maximum safe loading of double these figures, and are intended for all applications involving load or force measurement, or feedback elements in control systems. Each uses a homogeneous elastic member machined from a grain-oriented billet of high tensile steel, to



PATTERN drum equipment for controlling carpet tufting machines is normally located near the appropriate machine, where it could be damaged accidentally.

## Sequences with reeds

A DRUM programming switch using reed relays and a stepping drive capable of three steps per second has been put on the market by Sealectro, of Farington, Portsmouth, Hants. The 21-inch diameter drum has 60 longitudinal grooves in which small plastic actuators are positioned. As the drum rotates the actuators operate the reed switch permanent magnets in any desired sequence. Drums can be supplied to operate 4, 7, 14 or 21 reeds with a drum length of up to 15 inches, depending on the number. Reprogramming can be carried out simply by sliding the actuators to new positions, or removing them, or by adding others. Two types of actuator are available. One is shaped so that as it passes a reed it leaves it unaffected, thus giving continuous switch closure over any number of grooves. The other gives distinct step-by-step operation so that 60 on-off operations can be obtained from one rotation of the drum. The reed rating is 24 watts, typically 24 volts, 1 ampere. The stepping motor is available for operation either from 230V ac or 24V dc. Control may be obtained either from a time pulse source or by push-button, or relay. Since the reed is a sealed device it may be used in hazardous atmospheres, in aircraft, and in fact in almost any application where an easily programmed dynamic electrical control is specified.

## Temperature reference source

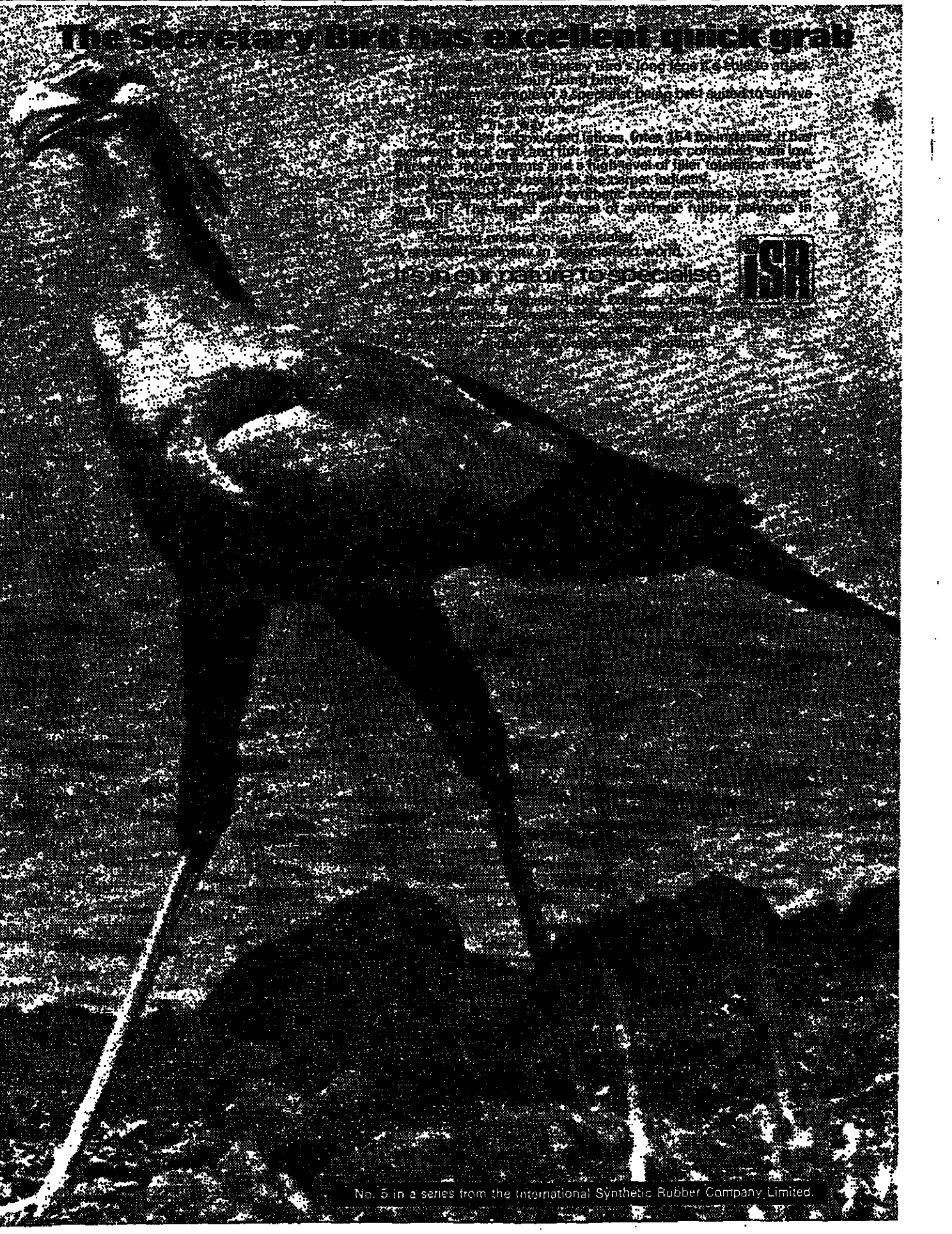
DESIGNED for calibration and checking thermocouples, thermistors, resistance thermometers, and liquid filled or electronic temperature indicators or controllers, is an infra-red calibration furnace (Model 4000) now available from Polkinghorne Industries, Lillyhall Industrial Estate, Worthington, Cumberland. The furnace has an operating range from 40 to 300 degrees C with a response time from one selected temperature to another of three minutes, and a claimed accuracy of +0.25 degrees C. Selection of the desired temperature is digital in 1 degree C steps. The furnace has a 10 inch deep by 1 inch diameter well to take the sensing bulb being checked. It is stated to be robust and easily transported.

## Non-twist wire rope

WIRE rope used in long lengths, as in mine hoisting or undersea work, is very likely to twist itself into loops when the load is removed. While this seldom happens in mine work, it is more likely in undersea operations 10,000 to 25,000 feet deep. Specially-made rope is said to eliminate this tendency, while at the same time having a breaking strength 50 per cent greater than normal rope of the same diameter. The no-twist feature, explains U.S. Steel, Box 36, Pittsburgh, Pennsylvania, U.S., is due to the fact that unwinding tendencies are opposed by equal, opposing forces built in when the rope is made. After this is done, the rope is heat-stabilised. The heat treatment also raises the elastic limit of the rope to about 75 per cent of its breaking strength, as against 50 per cent for ordinary rope. This means that the special rope, of the same load-carrying ability, is about 10 per cent lighter.

## ...and their protection

AN OBVIOUS problem with reed relays is the fact that they have a glass envelope, making them somewhat vulnerable to severe environmental conditions. A worthwhile degree of protection at relatively low cost is afforded by encapsulating them in a polysiloxane moulding compound (DMC), according to British Industrial Plastics (Turner and Newall), of P.O. Box 11, Warley, Wores. BIP claims that the Plessey Company has successfully done this with a recently introduced range of relays comprising one, two or three magnetically screened reed inserts encapsulated in "Beetle" type KB/X DMC. The comparatively low moulding temperature of 130 degrees C minimises the thermal shock to which the relays are subjected during encapsulation, and its low rate of shrinkage after moulding obviates the possibility of the glass tubes being cracked or distorted while the encapsulating material cures. The glass fibre reinforcement of the material, says the company, gives it insulation properties and humidity resistance complying with BS 2011, part 2c, the new British Standard for encapsulated reed relays.



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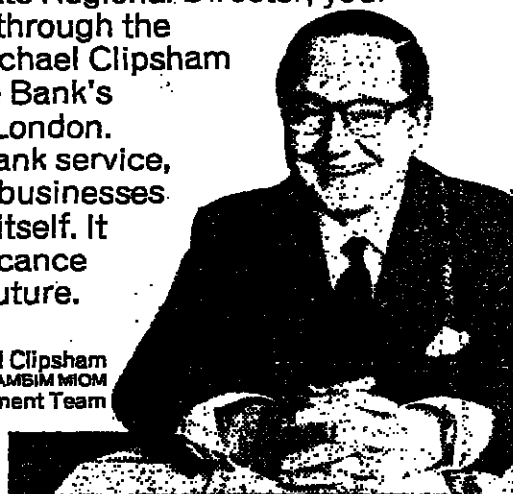
This is when the best financial advice, assistance and management are essential. And it is for these occasions that the Midland Bank, alone amongst the major clearing banks, has introduced its new Finance Management Service.

Details of the facilities of the Midland Bank Group can be discussed by the new Team, which consists of a number of highly trained, experienced men who have already held management appointments in the Midland Bank. Each is available to companies to provide a complete finance management service, and can be contacted

through the appropriate Regional Director, your Midland Manager, or through the Team's leader, Mr. Michael Clipsham—who is based in the Bank's Head Office, Poultry, London.

As a clearing bank service, it is unique. To many businesses it has already proved itself. It will be of great significance to many more in the future.

Mr Michael Clipsham  
TD FCS FB AMBIM MCOM  
who leads the Finance Management Team



**Midland Bank Finance Management Service**  
A Great British Bank

# The Private Company

FINANCIAL  
TIMES  
SURVEY

## Source of a major contribution to the country's economy

By MICHAEL BLANDEN

Despite taxation and other unwelcome pressures, Britain's private companies—that is, those which are not quoted in the public Stock Exchange lists—continue to form a surprisingly large proportion of industry. They include several companies which can be regarded as household names.

This survey sets out to examine this sector of industry, and its problems—particularly in the light of the current official inquiry. It looks at a number of critical areas, including the provision of finance and the steps which can be taken to preserve individual identity.

The substantial proportion of British industry which is in the hands of private companies makes a large contribution to the economy. It was reckoned recently that less than 2 per cent of all companies registered in Britain are public groups with the pomp of a stock market quotation and a responsibility to

public shareholders. It is these, fair number of large companies of course, which tend to gain most of the publicity and attention. But it is arguable that more notice should be given to the importance of the private company sector and more encouragement to its development. There are still, of course, a

These companies, big by any standards, provide a substantial part of the material contribution of the private companies. They have the advantages which the private status confers: the relative freedom of action open to a group without outside shareholders, for example. But their size also gives them a lot in common with the public companies.

It is among the small private companies, probably some 390,000 in number, that the special nature of their activities is most clearly seen, as well as the pressures which continually threaten their existence and development. The overwhelming majority of registered companies fall into this group. And their contribution must be measured by more than the simple material standards. This sector provides the opportunity, for example, for many people to develop their talents who might not flourish in a large organisation; and it creates an important source of innovation and competition for many sectors of industry.

For these companies in particular, therefore, the results of the investigations being carried out by the Bolton Committee of Inquiry on Small Firms—expected to produce its final report later this autumn—are of major interest. It is likely to bring out into the open the disabilities which they suffer from, more than their public counterparts, and possibly to suggest some answers.

One of the main objects of the Committee is to study the availability of finance for small companies, a problem which has repeatedly been commented on in recent years. It is not easy for small firms in general either to command the expert knowledge required to make good use of the financial facilities available, or to get finance on reasonable terms. For those in the private sector, the problem is likely to be particularly acute: the need to gain a base for further expansion is one of the important motives of the companies which go public and get themselves access to the stock market.

### Major problems

One of the studies prepared for the Bolton Committee by the Economists Advisory Group recently identified the major problems of the small firm. They argued that it was not possible to identify "a single major defect in financial facilities for small firms that calls for radical action." But the economists went on: "small firms are at a disadvantage relative to large firms in a number of significant ways. In particular, they are hit harder by credit restriction and taxation; they are faced with investigation and other costs that are proportionately higher for small loans; they are less well informed about alternative sources of finance; and they are less able to satisfy the requirements of lending institutions as regards financial information and managerial competence."

If there is a single problem which most affects the private

company, both small and large, however, it is the pressure of taxation, particularly estate duties. The structure of tax at present is uncommonly hard on the proprietorship-owned private company, as is pointed out elsewhere in this survey. It has been a major factor prompting private companies to go public—including some of the recent big flotations such as Pilkington and H. P. Bulmer. It is a constant problem for any private company trying to expand and to build up from its internal cash flow the financial basis for growth.

### Central issue

It was singled out by the authors of a recent study of the problem as the central issue. In their book "The Private Com-

pany, half of the people employed in retailing and wholesaling worked in private companies. And even in manufacturing, where public companies were strong, the private companies and businesses employed 38 per cent of the total.

In terms of profits, again, figures demonstrate the importance of the private companies and businesses, contributing per cent of the total profit generated by all enterprises in much higher proportions than industries such as transport, construction and distribution. What is more, the book argues that the large private companies tend to be more efficient than their public counterparts, producing higher rates of return on their total assets in a

### TOTAL PROFITS

	Gross profits arising in U.K. £m.	Annual depreciation £m.	Net profit £m.
<b>PUBLIC COMPANIES</b>	3,161	695	2,466
<b>PRIVATE BUSINESSES</b>			
Private companies	1,352	492	860
Non-corporate enterprises	660	299	361
<b>TOTAL PRIVATE COMPANIES &amp; BUSINESSES</b>	2,012	791	1,221

Source: "The Private Company Today," A. J. Merrett and M. Lehr.

pany Today," Professor A. J. Merrett and Mr. M. E. Lehr summarised their conclusions very briefly: "1—The private companies and businesses make a large and special contribution to the U.K. economy. 2—The current trend of tax legislation, if continued unchanged, will ultimately eliminate all private businesses of any significant size."

Considering the importance of the private company, the authors, with the help of figures for 1966 from various sources, pointed up the major contribution which it makes. Their results highlighted, to begin with, the significance of the over 2,000 "large" private companies. It is pointed out that these include some important national names; and while they account for less than 1½ per cent of the total number of companies, they cover some 5 per cent of civil employment and 10 per cent of corporate profits.

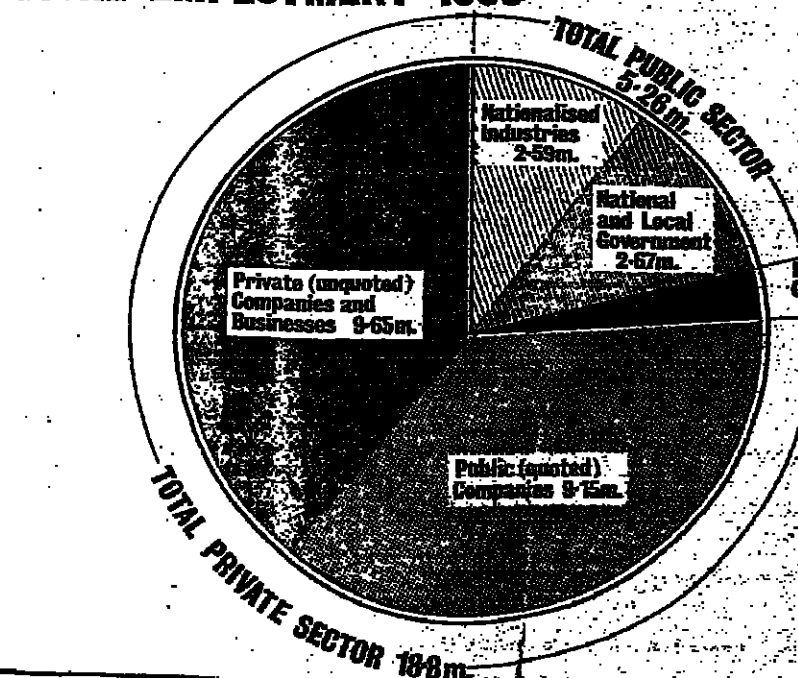
What is more, when the very large number of smaller private companies is taken into account, the result demonstrates their very substantial economic weight. Though individually small, the private companies and businesses together are the biggest single employer, accounting for 39 per cent of civil employment against 37 per cent for the public companies. Particularly in the service industries they are the predominant employer, accounting, according to Professor Merrett's figures—for 71 per cent of private sector employment in industries like financial services, hotels and catering. More than

### More efficient

Yet in many industries—example, construction or diversified engineering business—the smaller unit in private hands may often be a more efficient form of organisation than the large public company. The whole of the unquoted sector of industry, it is argued, fulfils the essential function first, of maintaining competition and preventing the establishment of monopoly situations; and secondly, of providing a vehicle for innovation, marketing and product development out of proportion to the size of the units involved.

The private companies have a freedom and drive to take risks which are less often available to the public organisations. And in many fragmented industries they are the only ones to meet a demand for a very large range of services, where there is no advantage in achieving greater size.

### TOTAL EMPLOYMENT 1966



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## THE PRIVATE COMPANY II

One of the intellectual achievements of English lawyers of the last century was the concept of the company as a legal entity separate from the members who hold the shares in the company. This legislative creature of a laissez-faire age still provides the commercial community with an exceptionally valuable form of association and ownership. It also offers a medium in which expertise in business management and the effective use of the resources of financial assets and of manpower can be combined with individual ownership and control.

# Company law and its particular application

By JUSTINIAN

Public and private companies the company to commence business are designed to meet different needs, to borrow and to enter economic needs: the former to raise capital from the public to finance an enterprise, the latter to confer a separate legal personality on the business of a single trader or partnership. While therefore the public company uniquely provides to the investor, in the form of an ordinary share, a convenient and flexible form of property, it also provides, alike with the private company, benefits to management by facilitating commercial transactions.

### Looking ahead

If the promoters of the private company envisage a future going public, they will need to frame the company's articles of association with that fact in mind. Some clauses, inappropriate to a private company, are vital for a public company. For example, articles will need to be framed to comply with Stock Exchange regulations if the company's securities are to be quoted publicly.

Those persons who wish to convert their personal trading into corporate status may be using the private company as a stepping-stone to public corporate status. (There are incidentally some positive advantages in not going public straightaway, but doing it via the stage of a private company—the actual particular commercial activity of the public company without incurring the intolerable simplification of its risks of personal liability.

for the natural persons involved. Incorporation—the limited liability company—provides a protective device for the members whose liability remains limited to the calculable extent of their individual shareholding. While separate legal entity is fundamental to the whole concept of corporate liability, the courts have never found it easy to define and describe. A private company has been variously dubbed "a mere fraud," "a myth and a fiction," "a cloak," "an alias," "a simulacrum," "an alter ego" and a variety of other more or less polite invectives when dealing with the separate existence of the company.

Whatever undesirable consequences have flown from the law's inability to grapple with the concept, the advantages of the trader are generally well known and much sought after. Something like 40 per cent. of the value of all physical assets in the United Kingdom is vested in companies. And if the bulk of that is in the hands of public companies the private company is no less a significant factor in the nation's wealth.

### Main features

The distinctive features of separateness between the company and its members—a kind of corporate apartheid—are (a) the company's ability to enter into contracts on its own behalf so that shareholders are not personally liable—that is to say, they cannot be seized to pay the company's debts; (b) if a shareholder goes bankrupt or dies, the company

is not directly affected; (c) it is easier to sell shares in a company than it is to sell a share in a partnership; (d) they can retain much of the individuality of the members without involving the latter in great financial risks.

If public companies hold the bulk of the nation's commercial wealth, private companies are much more numerous. They are cheaper and simpler to form. They need have only one director and two shareholders: it is not uncommon for the three positions to be filled by a man and his wife. A public company needs a minimum of seven members and two directors. A private company can begin business immediately on registration, and is not required to provide the public with so much information about its affairs. All its directors can be appointed by a single resolution of a general meeting and will not normally be forced to retire before a particular age limit.

The disadvantages of the private company are that limitations on size are imposed by law. Membership must be limited to fifty. Restrictions are also imposed on the right to transfer shares. Not unnaturally, the private company is prohibited from making any invitation to the public to subscribe for its shares. Certain private companies—known as exempt private companies—used to possess a distinct advantage of the freedom from the obligation to file accounts, but that valuable area of secret activity was swept away by the Companies Act, 1967. To sum up, a private company is most suitable for a large-scale enterprise requiring outside investment to provide finance. It is unlikely to be useful for the small trader, whose needs are adequately met in the private company.

### Two respects

There is no difference between the rights and powers which a company may lawfully acquire and exercise within its stated objects and the same rights and powers when possessed by any natural person. The company differs in only two major respects. The extent of the capacity with which it is endowed is very much more restricted than that of an individual: it cannot do anything more than is prescribed for it in the Articles of Association. Second, its motivation is not normally that of one person—there are, of course, one-man companies—but of an association of persons who usually act by majority rule, and who customarily delegate the exercise of their powers of control of the company's affairs to others.

Essentially, therefore, the company is a means by which the property and associated rights of numerous individuals may be merged for their more effective and efficient use. The company is a legal means to this commercial end. Property transferred to and acquired by it is not changed by incorporation; and the company does not enjoy the benefits or advantages of ownership. It is the vehicle by which commercial men put their property and their commercial skills to better use. As such the company has a long life ahead of it.

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## Incentives and other schemes for management

By A Correspondent

Given that private family-controlled companies are more often than not smaller than their publicly quoted counterparts, they often face particular difficulties in both finding and keeping good non-family directors. With the ultimate positions of power and reward closed to all but family, such directors will often face strong temptations to switch to more flexible companies.

One method to retain such directors is, of course, to pay above the odds for a particular job, but then this incurs obvious financial waste. Alternatively the size or type of company can introduce some sort of executive share incentive scheme. Indeed, there often appears to be a greater need for such a scheme in a private company.

### Twin protection

First and foremost, it would often be enough to prevent the talented executive (who, by the very nature of the set-up, is often very close to the owner-entrepreneur) leaving and going into competition. Second, it would provide the executives with both medium- and long-term protection—in the case of the former against the company going public and in the latter against the man retiring or the company being sold.

Finally, it enables both the company and the executive to benefit by a reward system based on results. It necessitates the setting up of realistic

corporate profit targets which in the event of the company coming to market can constitute a very attractive part of the prospectus.

The types of incentive schemes possible for private companies do not differ to any marked extent from those used by public companies. The only difficulty is when the private company's shares are very tightly held without any kind of market or price established. This is where the Incentives Advisory Division of Business Intelligence Services can be of some use in devising a scheme to suit all corners. As a private company, they practise what they preach and can appreciate individual difficulties.

For example, it is possible that the existing shareholders deliberately wish to avoid having the shares valued. Although loans can present some problems, BIS feel that the 1971 Finance Act does allow some scope for them in incentive schemes for close companies. Equally they can help avoid any dilution of the equity ownership, the setting up of profit targets and schemes involving payment by results. They can thus guard the owners by incorporating methods of buying back the shares through trusts and suchlike and linking the schemes with service contracts.

### Popular package

In the final resort, BIS can not only help the owners increase the management quality but also act as independent arbiters between the owners and management in setting up individual private company employment packages. The popularity of such packages has definitely grown recently, with BIS claiming that its clients in this field have quadrupled over the past 12 months.

In addition to share ownership incentive schemes, these packages usually include some sort of pension scheme. Contrary to popular belief, the size of a company is no barrier to

setting up a pension arrangement. It is theoretically possible to set up just as good a scheme for 2 employees as it is for 100,000. The basic pro rata cost per employee will be the same although in really big cases it is possible for a company to negotiate for possible bulk buy reductions. It must be remembered that in the case of private—or rather tightly held—companies, there are certain restrictions on the family participating in the pension scheme. If the directors own between themselves more than 50 per cent. of the shares, then any one of them who individually owns more than 5 per cent. cannot join in the pension.

### Special cases

Although this is the official published guideline of the Inland Revenue, I understand that they will consider special cases.

In the case of a smaller company, it is usual to insure all the liabilities and operate through an insurance company. When the scheme is for 1,000 or more employees, the company can opt for an investment scheme handled by an investment advisor. The borderline between the two is by no means conclusive and an advisor can often help a company make the right choice. As the number of employees in a scheme increase, the attractions of making it non-contributory and non-discretionary also increase.

In the final event, the object of both the company and the executive is to maximise the net return to the employee. Consequently, companies and should investigate all the schemes collected by deduction of salary or loans in place of the main obstacles to the setting up of these arrangements appears to be threefold: lack of time, inertia and lack of knowledge. Even so their popularity is increasing, especially in private companies where the management is forced to be more enterprising.

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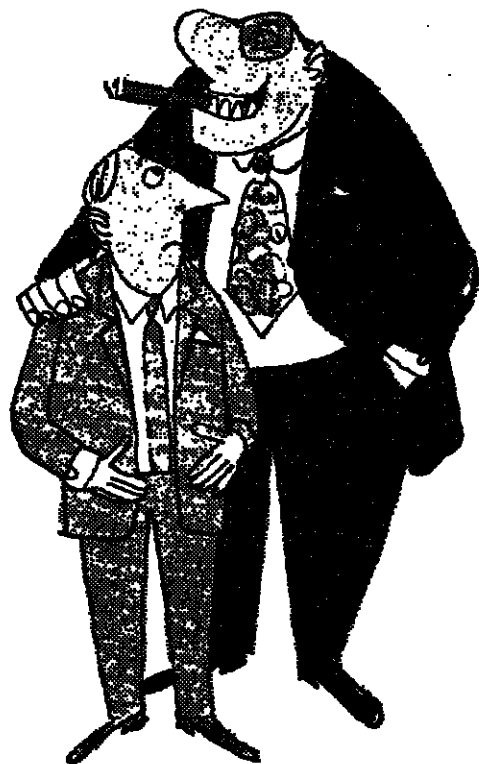
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# THE PRIVATE COMPANY III Simple mechanics of setting up a company

By NICK LESLIE

Incongruously, it is easier to become the owner of a private company than of a house or even a car. To start with, the basic cost—about £20.50—is lower, and the process can be simpler. This may sound an oversimplification of the matter, but in essence it is true. For virtually anyone but an undischarged bankrupt may own a private company and with numerous experts available to handle the incorporation and registration it is a matter of just a few weeks before the title "company director" can be assumed.

Nevertheless, this simplicity belies the fact that there are statutory obligations attached to company ownership. One of the big headaches for the Registrar of Companies is chasing those companies which fail to send in an annual return and a copy of the report and accounts. Such a failing frequently arises either because of forgetfulness or because the required documents have not even been drawn up. In the latter case, where bad or negligible accounting control is employed, it can be the first step to a company's collapse.

## Limited liability

At the present time, there are around 4m. private companies and the vast majority are those limited by share capital. This means, basically, that in the event of a liquidation, the members or shareholders of the company are liable to creditors to the extent of their shareholding only. Thus, for example, directors who are also the only shareholders of a small company can protect their private finances from creditors.

Two other types of company are the unlimited company and the one which is limited by guarantee. In the case of the former, there is no obligation to file annually with the Registrar a copy of the company's report and accounts. The latter applies for such concerns as management companies for

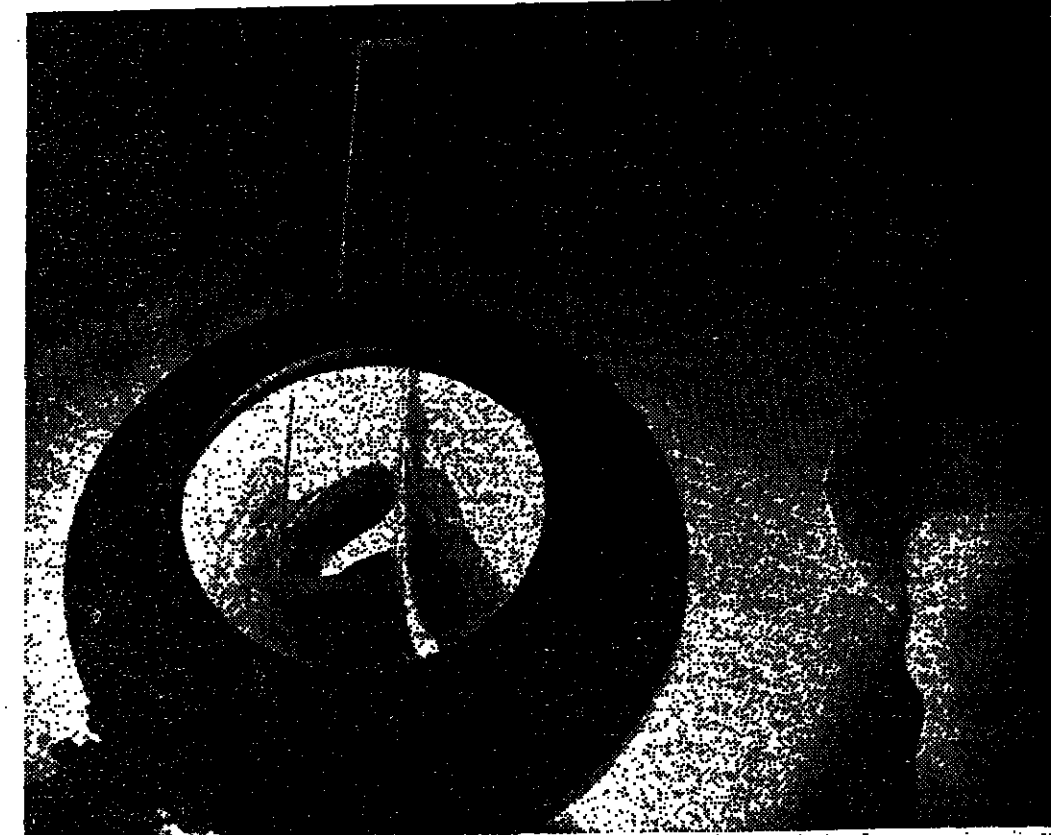
blocks of flats where a share of capital may be inappropriate. The man setting up a private company limited by share capital would first approach a solicitor or accountant who, in turn, would very likely enlist the services of a company agent. In fact, agents figure in the majority of new company registrations since they are not only experts on the subject, but also provide facilities for drawing up and printing the various documents to be deposited with the Registrar prior to registration.

The documents which must be drawn up to comply with the Companies Acts of 1948 to 1967 are designed to give details of the company's structure and aims.

First, there is the memorandum. Written into this must be the amount of share capital, both authorised and issued, the nationality of the company and the address of its registered office. Then, the nature, or aims, are outlined. Here, almost anything legal goes (dealing in treasure trove is out, however, because all treasure trove belongs to the Crown). Such activities as banking and insurance may be listed as an objective, but to operate in such a capacity requires sanction other than that of the Registrar—in the case of banking the permission of the Bank of England is needed. No company incorporated under the Companies Acts can operate as a building society.

A memorandum must be signed by at least two people who have also subscribed for at least one share in the new company. They need not be connected with the company and can, subsequent to the appointment of directors and incorporation, sell their shares.

Where the memorandum states what a company may do, the next document to be drawn up, the Articles of Association, describes how the company may operate. To quote the Department of Trade and Industry's brief explanation, the articles



Fibre optic core glass, one of the many products of Pilkington Brothers which was Britain's biggest private company until it went public last year.

are intended to show the regulations for the internal arrangements and the management of a company. They should not contain anything beyond the powers or rights possessed by the company as stated in the memorandum.

## Three regulations

Three statutory regulations which must be contained in the articles are that a company must: 1—restrict the right to transfer its shares; 2—limit the number of members to 50, excluding members employed by the company; and 3—prohibit any public subscription for shares or debentures.

These form the basic documents and at this stage the progress towards formation of the

company will have been fairly simple. What may well prove the biggest problem is choosing a suitable name. No two companies must have the same name and even a minor variation may not be allowed. In addition, there is a bar on any reference to Royalty, government departments, local authorities or to the words "bank" or "building society," among others. A company's name must also not imply it is something that it is not—for example, the word "international" will probably be disallowed unless proof can be given that the company does operate on a large enough scale.

On registration of a company, there is a fee to pay both for the registration and for capital duty. This depends on the size of the nominal capital, but the minimum is £20.50 for a nominal capital of £100—the payment comprising £20 for registration and £50p to the Inland Revenue as capital duty.

For anyone in a hurry to acquire a company, there are "shelf" or "off-the-peg" companies available. These are generally set up by agents and cover many fields of operation. They have a catch, however, unless the name, an entirely suitable, changes may be necessary which can take almost as long to be approved by the Registrar as starting a company from scratch.

## Daily list

Although generally on the decline, the daily list of new companies published by Jordans and Sons, one of the U.K.'s big agents, shows that there has been a slight upswing recently, with the shelf concern accounting for nearly 25 per cent of new registrations.

This article has dealt with the mechanics of setting up a company and it should be emphasised that while the operation is simple the obligations on are by no means so straightforward. It is understood that the DTI is looking into the whole question of private companies and this could lead to tighter regulation in the day when tighter regulation will restrict abuses of the system and not leave the companies generally set up by agents and register littered with defunct companies.

# Limited scope for new finance

By BARRY RILEY

Sooner or later an expanding private company is likely to reach a size where private capital and normal bank overdrafts are unable to cope with its needs any longer. Very likely the company is still too small—or has too inadequate a profit record—to contemplate going public even if it wished to do so.

The alternatives are fairly limited: either the company can seek medium- or long-term fixed interest money from new sources; or it can associate with another stronger group, probably parting with some of the equity in the process; or it can sell out completely to another concern (public or private) with the necessary resources to finance growth.

The clearing banks—which only like to deal directly with short-term finance—have for a long time been aware of the problems of the medium-sized private company which is as yet too small to have access to the capital market. One answer to this gap in the financial services available to industry was the establishment just after the war of the Industrial and Commercial Finance Corporation. Its share capital of £40m. is held by

the English and Scottish clearing banks and the Bank of England, and it has also raised £70m. over the years through issues of quoted debenture stocks.

ICFC has expanded fast. By last March its total advances to 2,200 customers in industry reached £255m., of which £147m. remained outstanding at that date. The most common financing method is the secured loan, in amounts between £5,000 and £500,000 repayable over, say, 10 to 15 years: of the £347m. gross advances in 1970-71 some £16m. came into this category.

But ICFC is willing to invest money in a variety of ways, from the leasing of plant right through to taking a percentage of the equity. Moreover, customers are able to come back for extra funds as the need arises. In one extreme case a company raised money on 17 different occasions, while collecting several acquisitions and a stock market quotation en route.

ICFC is now well equipped to handle mergers and flotations, having built up a comprehensive range of issuing house and consultancy services. It is happy to see its customers going public—though this is not one of its basic aims—and it operates a register of currently some 800 companies looking for suitable merger partners. To give an idea of the scale of the operation, ICFC brought four companies to the market in 1970-71, and was involved in 76 mergers.

## New business

A number of other City bodies make a practice of nurturing a group of private companies, partly from the investment point of view but often, too, with an eye to the future new issue and merger business which they may generate. The best known is probably the Charterhouse Group, which has actually been in the business rather longer than ICFC—since 1894, in fact—but is considerably smaller, advancing about £1.3m. of new money last year.

Charterhouse tends to be more interested in equity positions, and it prefers to operate rather higher up the size scale. The group aims to take a stake in established concerns earning profits before tax of at least £50,000, with an initial investment in the £100,000-£200,000 bracket. It holds significant minority shareholdings in over 50 companies, as well as having full control of a number of industrial subsidiaries.

Then there is the Midland Bank Finance Corporation, which after the forthcoming end of ceiling controls on lending should be able to expand in the field for which it was originally set up in 1967—the granting of medium-term (five- to seven-year) loans to industry. Through a joint operation with merchant bankers Samuel Montagu, MBFC is also providing equity capital for unquoted firms with the idea of public flotation after four or five years.

## Loan facilities

Last April National Westminster Bank launched a business development loan scheme directed towards the small businessman, though the £15,000 upper limit probably limits its usefulness. More recently Barclays has announced an extension of its medium-term facilities for business customers. On a smaller scale, Gresham Trust provides share and loan capital for the expansion of small and medium sized private companies via its Wren Trust subsidiary.

Another merchant bank active in this area is Singer and Friedlander, which offers both financial and managerial advice; it also runs a clearing system for public and private companies wishing to buy, sell or merge, which works on somewhat the same lines as ICFC's register.

Hambros, Rothschilds and Keyser Ullman are other merchant banks which can be mentioned in this context, without attempting to give an exhaustive list. In a slightly different category comes Spey Investments, now trying to re-polish a badly tarnished image. Spey is concentrating on its original aims, the major one of which was to channel money from pension funds and other institutions into unquoted companies.

Finally there are, of course, specialised sources of funds like the finance houses which will ease the problem of investment in plant by providing leasing or hire purchase facilities. Or the National Research Development Corporation might help out with funds for R and D.

Finding finance for private companies is often difficult but there are several reasons for believing it could become easier in the not too distant future. For one thing, the lifting of the ceiling is already opening up new sources of funds. And secondly, a report is due this autumn from the Bolton Committee, set up by the Government to investigate the problems of small firms.

# How to raise capital without losing control.

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September 3 1971 The Financial Times Friday September 3 1971

## THE PRIVATE COMPANY IV

offers for sale which the past couple of years have brought free of Britain's biggest private companies into public lists, giving market valuations of many millions of pounds.



## Tax traps still a danger

JOHN CHOWN

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There has been a tendency for governments to discriminate against the private company. This is perhaps inevitable as politicians and senior civil servants are likely to find closer parallels with their own activities in the internal organisation of bigger businesses. Indeed, one of the unkindest things one can say about a large company is that it is "riddled with politics." They feel less at home with the profit than with the power motive. Nowhere has this discrimination been more apparent than in the tax system. Discrimination against close companies reached its worst point with the 1965 Finance Act—itsself a great improvement over the Bill as originally drafted. Since then, even the Labour Government realised that it had gone too far and the trend has been the other way. Even to-day, there are significant tax differences between the treatment of private and public companies.

Since 1965, companies have paid corporation tax, now 40 per cent. Distributed profits suffer in addition income tax and surtax with no credit for the fact that these are paid out of profits which have already borne tax. The 1965 measures were designed to encourage companies to retain and re-invest profits. Illogically, close companies, the ones which do not have access to the capital market and which therefore have to grow out of retentions, were forced to distribute.

### System changing

As from April, 1973, the system of taxing companies is to be changed to remove the discrimination against distributed profits. The Inland Revenue has published a Green Paper on the subject, the Select Committee of the House of Commons has been studying

the alternatives, and the various professional bodies have been making their representations. The choice is really between the two-rate system and the imputation system. Under the former, retained profits would be taxed at 50 per cent., distributed profits would enjoy 30 per cent. distribution relief at the company level, and the total amount distributed would then be subject to personal tax under the unified tax system. Under the imputation system all profits would be taxed at a rate of 50 per cent., but the shareholder will be given a credit for part of the underlying corporation tax on distributed dividends.

### Dividend policy

Whichever system is adopted, the differential between retained and distributed profits will be narrowed. In the case of genuine trading companies, it will probably be possible to leave dividend policy to be determined by financial requirements and commercial judgment. There may have to be the equivalent of "surtax directions" but only, I hope, in rare cases.

Small close companies will be penalised partly because there will still be an extra layer of tax, although at a lower rate, on profits underlying distributions, but mainly because tax on retentions will rise. The owner of a one-man close company will find that he will be as well off trading as a sole trader, paying personal tax until his income reaches a level of about £17,000 per annum. Below this figure, the best strategy might be to pay out all profits as directors' fees. Above it, there will be a net advantage in accumulating profits in a company. The break-even point at which there is a tax advantage in operating through a company has risen higher and higher over the years.

It is hoped that some relief will be given to smaller close companies which could be placed at a disadvantage compared with sole traders and partnerships because of the 50 per cent flat rate. The U.S. and Canada both have substantially reduced rates for the first slice of profits and here it has been suggested that the first £25,000 might be taxed at only 30 per cent. Against this it might be argued that those affected could simply disincorporate. This is to ignore the fact that the "company" is regarded by the U.K. business committee as the natural and possibly the only acceptable form of organisation. It is not so on the continent of Europe: in Germany in particular very large businesses indeed still trade as partnerships. It seems reasonable to let British businessmen stick to the form of organisation with which they are familiar and then to make sure that they are neither privileged nor penalised by the tax system. The other way out of the problem would be to pay higher directors' fees but this route is not available for the older family companies where a lot of the shares have passed down to the ladies of the family, to children's trusts or where one brother runs the business while another carries on another profession.

### Various provisions

There are two other ways in which the tax treatment of private companies differs from public companies. There are various provisions which disallow as a deduction from taxable profits and treat as distributions, certain payments to "participants" which would be allowed as a deduction to a public company. The most obvious—and most resented—example was the restriction on directors' remuneration. This has now gone, but there are still limitations on interest payments and on patent (but not copyright) royalties. It is probable that the Government will look at these rules before 1973 and will perhaps substitute a general provision that any part of a payment to a participant which is in excess of a reasonable commercial consideration will not

be allowed as a deduction but will be treated as a constructive dividend. This rule should apply to open and close companies alike, although for obvious reasons, it will seldom be appropriate to a public company.

The Revenue are obviously afraid that owners of close companies will accumulate profits within the company to minimise their personal tax liabilities and at the same time personally enjoy the benefits of the cash in the company by indirect means. There is, therefore, a rule which reasonably enough imposes a charge to tax when loans are made to participants. There are also a set of rules (if rules be the word) which give the Revenue very broad power to treat as distributions payments which most of us would regard as normal commercial transactions. These, which can only apply to close companies, were grafted on to some legislation originally introduced in 1960 directed at certain kinds of hard core tax avoidance operations. They have, in practice, caught the innocent with the guilty and the Conservative Government have a particular moral obligation to make sure that these measures are repealed and replaced with more reasonable and precisely defined measures completely unassociated with the stigma of bond washing.

There is another penalty which does not in fact discriminate between private and public companies, but which particularly affects the private company. When a company makes a capital gain, it pays tax at corporation tax rates. A gain of £1,000 on, for instance, a factory, is worth £800 net to the company. So far, fair enough, but when the owner of the company sells his shares, he must pay personal capital gains tax on the whole of the gain including the £800 which reflects an already taxed gain. This situation will be worsened by the change of system and certainly needs attention. It is a trap for the unwary. With new companies it is sometimes possible to arrange that the individuals own the factory and lease it to the company. Any long term property gain is then taxed at 30 per cent instead of 58 per cent effective.

### No longer serious

On the whole, the discriminations against close companies are no longer serious, but there are unfortunately embodied in our legislation a number of tax traps which are most likely to affect those who are least in a position to understand and to avoid them. The professional tax avoider knows his way around the legislation, while the public company can afford to have its transactions checked out by specialised professional advisers. Only too often, the only advice available to the private company comes from a small firm of chartered accountants who are over-worked with the routine of auditing and preparing tax returns, who do not have the time to watch out for the latest angles, and who are probably never consulted in time anyway.

As a study of prospectuses will show, even under the bad tax system ruling over the past few years it was still possible for private companies to grow big out of profits, and either to go public or sell out to a public company. The British tax system may appear to discriminate against earnings, but it permits a reward to those who can build up and bring to market a continuing flow of earnings. In any case, the vigorous company takes the maximum advantage of the fact that it has the use of the tax man's money for on average over a year. The general fiscal climate is improving and there are high hopes that after 1973, businessmen will be able to concentrate on making profits without having to look over their shoulders for the tax man, and without having to resort to artificial structures to preserve their solvency against fiscal extortion.

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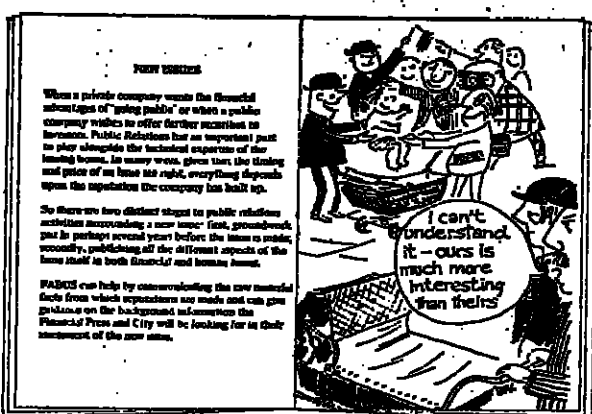
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## THE PRIVATE COMPANY V

# Evolution means a diminishing race of private giants

By KENNETH GOODING

When Pilkington Brothers, the Lancashire concern which made a fortune out of its float glass process, went public just over a year ago Britain lost its biggest private company. The Pilkington shares were sold off at a price valuing the group at just under £100m. There have been other notable companies changing their status from private to public during the past year or so and they had one thing in common—it was the pressure of taxation, particularly estate duties, which prompted the decision.

Explaining the reasons why Pilkington had decided to let the public take a stake in the company, chairman Lord Pilkington said that the incidence of deaths in the family—implying substantial death duties—had been slightly more severe than normal, with three in the 18 months up to June, 1970.

Only a relatively short while before the Pilkington share flotation, S. Pearson, Lord Cowdray's financial and publishing empire, was brought to the market on terms giving it a value of more than £71m. This comment was made at the time: "There are now some 50 members of the Pearson family whose stakes in the company are all sufficiently large that if there were a couple of deaths within a year the death duty bill would be so high that part of the company might have to be sold off to meet it."

### Cider sale

Then there was the case of H. P. Bulmer, claimed to be the world's biggest cider makers, which was valued at just under £7m. when it went public in December last year. At the time Mr. Bertram Bulmer, the 68-year-old chairman, made it clear that the sale was to pay off death duties and that the minimum number of shares enabling Bulmer to get a Stock Market "quote" and to allow regulations had been made available to the public at large. There are other reasons for

a private company changing its status—it might need the cash raised for organic expansion or want to use its shares to grow by acquisition—but the major factor for the large private companies to-day is estate duties. Out of the £850m. or so collected in taxes on wealth last year about 44 per cent. came from death duties. The rate starts at 10.7 per cent. on estates of £17,500, rises to 53.1 per cent. at £150,000 and runs at a maximum rate of 80 per cent.

### Extremely high

Capital gains tax levied on deemed disposals at death is a further burden, and, as pointed out by Prof. A. J. Merrett and Mr. M. E. Lehr in their book "The Private Company Today," owners of proprietorially-owned private companies will invariably be in receipt of substantial earned income with the result that unearned income in the shape of dividends will tend to suffer extremely high rates of income tax and surtax. "Given this, wherever the combined rate of capital gains and death duties reached around 40 per cent. (on estates of £40,000), the liability could only be met out of these assets by liquidation or sale," they add.

Of course, the prospect of selling shares to the public is open only to the large private companies. Using the Department of Trade and Industry official yardstick on what constitutes "large"—that is a company with assets over £500,000 and annual income greater than £50,000—there are roughly 2,000 companies in this category.

That is less than 1.5 per cent. of all private companies but, according to estimates produced by Messrs. Merrett and Lehr, the "large" private companies account for about 5 per cent. of civil employment and 10 per cent. of total corporate profits. And the advantages of minimising estate duties and the liability to give every incentive to it to escape "close" company private concerns to substantially understate their profits. Even so, the large private companies have on average a higher rate

of return on total assets than their public counterparts.

It has already been mentioned that there are other pressures on the large private company to change its status. A typical example is found in Carless Capel, the hydrocarbon solvents concern, which is in a capital intensive industry and has had to finance expansion by ploughing back profits.

However, many of the shareholders are not executives of the company and there are trusts set up to look after the holdings of children. More and more there is a conflict between the needs of the company to retain profit and the needs of the trust funds which would like to see a little more return on their investment in the group.

"It is this conflict between working and non-working shareholders which had made us think seriously about going public," maintains managing director Mr. John Leonard.

The other question is, of course: Why do the large private companies wish to remain private? Messrs. Merrett and Lehr examined this point with a view to establishing the place of the private company within the economy of the U.K. They said: "It is an important function of the large private company to take the long view and relatively high risks. This is one which the large public company generally finds extremely difficult to undertake on account of the considerable pressure of the stock market for immediate and tangible results in terms of reported profits."

### Can escape

This makes clear that public companies are subject to all kinds of pressures which the private concerns can escape. Private companies do not have to produce half-yearly or even quarterly results to the Stock Exchange, do not have to show a steady increase in the growth of earnings to keep the share price up and so on. Private companies can even

make management decisions which might not go down well if outside shareholders had to be considered. This does not only include the finding of a cosy niche on the Board for a favourite nephew.

However, many of the large private companies take the view that their position in the U.K. economy warrants a greater degree of public disclosure than simply complying with the Companies Act and filing returns at Companies House. By keeping the Press and public informed of their activities such a company must also be willing to give details of the smooth years as well as of the rough. But the consolation is that, when the time comes and death duties force a sale to the public of its shares, the public knows the company and has a fair idea of its past record.

### Well known

In spite of the pressures to go public there is still a fairly long list of large private companies—some of them very well known to the public at large.

There can't be many children who don't know the Trebor Sharps products, for example. The Trebor sweets concern merged with Sharps ("the word for toffee") group in 1967 and two years later acquired the Clarnico-Murray sweet manufacturing companies to make the overall group the fourth largest confectionery company in the U.K. which made net profits of £266,302 on a turnover of £30m. in the year to January, 1970.

The same can be said of Weetabix, the Northampton cereal foods concern which also has packaging and data processing interests. Weetabix made profits of £1.43m. on a turnover of just over £8m. in the year to July, 1970.

In the South East of England particularly, the J. Sainsbury group is for many a household name. One of the most successful food retailing groups in the country with 112 outlets embracing nearly 1m. square feet of sales area, Sainsbury's in the last financial year (to March, 1971) managed a 24 per cent. increase in profits before tax to £6.3m. on a turnover up 18 per cent. at £221.4m.

Equally well-known to the Englishman-in-the-street is C. and J. Clark, family controlled for more than 150 years and which claims to be the largest shoe manufacturer in the U.K. Somerset-based Clark's in its last financial year—1970—had sales round the world worth £75.68m. and made pre-tax profits of £4.1m.

Also in the shoe business, this time with interests at the retail end of the trade, is British Bata Shoe Company, which has 300 or so shops as well as manufacturing facilities not only for shoes but also for tanning and dressing of leather and the manufacture of cotton cloth. In 1969 Bata had a turnover of £21.3m. and profits before tax of £355,263.

Many people's lives are touched by private companies like the Daily Telegraph, the newspaper combine which in 1970 had a turnover of £24.7m. and made a loss of £175,000

before tax. There is also Littlewoods Mail Order Stores, the well-known to the public large, but banana-crazy concern which also runs one of the best-known football pools. Latest figures available are for 1968 and show that Littlewoods, in that year made £5.7m. pre-tax profit on turnover of £43.3m.

Based on our assumption that "large" private companies are "large" because of their assets then we find a number of brewing groups on the list, mainly because they have a considerable amount of capital wrapped up in their retail outlets. The list includes companies like Hall and Woodhouse, the Dorset brewers, Worthington Brewery Company, with its 115 "tied" outlets, St. Austell Brewery, one of the country's big

Gibbs Mew and Co., based at engineering concerns. No Salisbury, the Devizes concern be forgotten in this field. Wadworth and Co., makers of JCB's chesster's Hydes' Anvil Brewery. moving equipment.

Wholesalers do not become well-known to the public large, but banana-crazy concern which also runs one of the best-known football pools. Latest figures available are for 1968 and show that Littlewoods, in that year made £5.7m. pre-tax profit on turnover of £43.3m.

Of the engineering companies perhaps the D. Brown Corporation is known to the public through its subsidiary, but there is also the loss-making Aston Martin Organisation, opera mainly from Yales, and w. outlets. St. Austell Brewery, one of the country's big Gibbs Mew and Co., based at engineering concerns. No Salisbury, the Devizes concern be forgotten in this field. Wadworth and Co., makers of JCB's chesster's Hydes' Anvil Brewery. moving equipment.

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# The Executive's World

EDITED BY  
DAVID PALMER

مكالمات النحل

Japanese executives often mystify their Western counterparts by giving roundabout answers to straightforward questions. HENRY SCOTT STOKES describes some typical contortions during the crisis over yen revaluation.

## It pays to be patient in Japan

DEALING with the Japanese is not always easy because for some reason best known to themselves they will often hesitate to tell the truth, however simple and undemanding it may be. As an illustration of the kind of difficulties which may arise, I quote from a series of documents which came to my attention in Tokyo last week, and which relate to transactions between a German bank and various Japanese organisations, banks and securities companies with which it has dealings.

Let me first set the scene. Two weeks ago the manager of a smallish bank subsidiary in Frankfurt decided—following the announcement of the American economic measures—that the likelihood of the yen being revalued was high, though, like everyone else, he could not begin to guess when.

### Speculation

Accustomed to buying yen in quantity and holding balances in Tokyo for investment in the Tokyo stock market, it was appropriate time, he decided to increase the size of his holdings. His main aim was to speculate on the revaluation of the currency. But he had an investment reason to buy yen, too, because the plunging Tokyo stock market was exposing day by day more and more attractive bargains. He was gradually buying substantial amounts of Japanese stock. "It was nine-tenths currency speculation," he commented later, "but still one-tenth straight investment."

On Wednesday a fortnight ago, then, he was trying to buy yen, and the following exchange took place on the telex between Frankfurt and London, where he was in touch with the branch of a Japanese bank.

FRANKFURT: Understand that \$300m. traded on the foreign exchange market to-day? What were prices?

JAPANESE BANK: Yen 367.30 to the dollar (the floor price).

FRANKFURT: Wish to leave order with you for purchase yen 900m. (\$24m) at yen 366 or better against dollar (the name of the paying agent and the name of the Tokyo brokerage house with whom the yen were to be placed followed).

JAPANESE BANK: Very sorry but cannot accept order. We not allowed to do exchange transactions here under Bank of

England regulations. Therefore cannot help.

FRANKFURT: Could you pass order onto Tokyo?

JAPANESE BANK: Can't do so direct, cannot act as intermediary from London. Wish to help, but can do nothing.

FRANKFURT: What's the problem? (Frankfurt had been corresponding with the Tokyo head office of the Japanese Bank, and therefore could not order direct, which both parties knew).

JAPANESE BANK: We can't do anything with foreign exchange (the phrase was becoming vaguer), suggest you go direct to Tokyo, but all depends on foreign exchange market there.

FRANKFURT: Can you at least transmit the order to Tokyo?

JAPANESE BANK: It's all the same. Can't understand why you send order yourselves.

Suggest that when you call Tokyo you make it clear that the yen is to be transferred at once to your securities company.

At this point the dialogue came to a halt, the German ended, and the Japanese exasperated too. Yet, why could not the Japanese say straight out: "We have a difficult situation. It's very hard to buy yen in Tokyo now because of the informal understanding between the Japanese banks and the authorities that we shall limit the dollar inflow from overseas."

This example of confusion is not unusual. Time and time again, in slightly contentious or difficult situations, Japanese businessmen take refuge in vague and weak and sometimes downright absurd explanations of their inability to help.

It is a well-known weakness of theirs—how ever much goodwill they may entertain towards the inconvenient Western customer they still have a tendency to fold in the middle and talk nonsense.

Back to the Frankfurt bank the next day. A notice arrives from a Japanese securities company branch to the effect that "from August 12 (this day) the Tokyo foreign exchange market was practically closed... we think it may be opened again in some days time... we are obliged to request you to place no further orders and to cancel all outstanding orders, unless you have yen to cover the purchase."

Again, perplexity was the response. Why should the Tokyo broker say that the market had been closed, when in fact it was open all the time according to the Japanese authorities (the words of wisdom acquired at a

exchange banks in Tokyo closed a little early on Thursday, a chaotic day with another half billion dollar turnover on the market). The formulation "practically closed" simply did not fit the circumstances. And in the meantime the increasingly enraged German banker was still trying to buy his yen, almost entirely in vain.

Would it not have been wiser for the securities company to have explained: "We are under tight Government control and have decided not to permit our customers to build up their yen balances any further lest we attract the attention of the authorities and are penalised. Please understand that all Japanese securities houses are under similar pressures." This would at least have made the situation comprehensible instead of making a false statement which did the reverse.

To tell the story this way is to tell it from the German side. One might take a quite different approach—that of the Japanese: Why should we assist this client to speculate, when (A) such an action would be construed unfavourably by the Ministry of Finance if discovered and (B) speculation is against national interests and more seriously those of the Japanese business community and of our head office in Tokyo which still has huge quantities of dollars to try to unload on the Central Bank, if at all it can do so.

### Confrontation

However one looks at this tale of confrontation and disappointment, though, the Japanese would have done better to have displayed a little more "frankness" in their manner of dealing with the situation. After all, it was the German bank which was the client.

And how, to complete the story, was the German banker feeling after the floating of the yen at the end of last week? "I have learned a little from the whole business," he commented in Tokyo. "It was a situation of a situation, but one cannot blame the Japanese so very much." One had to recognise, he went on, that the Japanese have their own way of handling things, and that Japanese executives do not necessarily react at all times as their Western colleagues would. "There is really nothing so very surprising about this," commented the banker—words of wisdom acquired at a certain cost.

## The cost of learning

By Pamela Judge

SPECIALISED and learned libraries have one thing in common with the great wide world—rising costs and in particular those relating to the journals they must buy. In the latest survey of such prices by Basil Blackwell, Oxford, Britain leads in the rate of increase.

Taking 1970 as 100, the cost of American and Canadian specialist publications are up this year by 10.5 per cent, those from other countries have risen by 12.1 per cent, but British prices leaped by 16.3 per cent. However, British journals are still the best buy for cover prices, £10.18 being the average compared with £17.23 for American and Canadian publications and £12.49 for those from other countries.

Those who want to be ahead in astronomy and astrophysics are the hardest hit—their journals have gone up by 53.2 per cent. to an average of £21.75. Students of geography face a 35 per cent. increase (£7.40 average) and neurological and psychiatric publications are 32.4 per cent. more expensive (£13.29 average per copy).

It is pleasant to report a decrease—those periodicals devoted to general technology costing between 50p-£25 are 1.1 per cent. less expensive.

Scientific and technological publications show the greatest rise—18.7 per cent. These are followed by the medical sector with a rise of 15.1 per cent. while humanities and social sciences are 11.2 per cent. up.

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A STAFF selection and management appointment service tailored to meet the needs of all branches of engineering—Civil, Chemical, Mechanical, Electrical and Electronic—has been established by Arthur W. Pearson and Associates, Uxbridge, Middlesex.

The service is designed to operate for the engineering industry only and the company itself is staffed entirely by engineers.

One of the reasons the directors decided to establish the company was the great difficulty experienced in finding the right type of staff for their own organisation when it was established some years ago.

## Critical path simplified

By a U.S. Correspondent

THE FLOOD of information from Critical Path Method (CPM) management defeated itself in many cases: managers were so overwhelmed by hundreds of pages of computer printouts that they ignored the whole thing.

But now comes an improved CPM which gives each level of management only the information it needs. The modified program is the brainchild of Chandra Jha, director of project management information systems for the Chicago office of Tishman Realty and Construction Co.

For instance, instead of getting 200 printout pages, John Tishman, construction vice president, gets a one-page printout, with information in the form of a 10-line bar chart.

The bar chart itself is prepared by the computer, which marks with an asterisk items which are behind schedule. Tishman can see progress at a glance and can call in subordinate managers to talk about the slow items.

The next level of management below Tishman gets a somewhat larger printout, but it is still in the form of a computer printout with letters across the page forming the bar. Although the steel manager, for instance, may get several pages, it will all deal with steel, not with plumbing schedules.

### Monitor projects

Reports for the next level down, the actual field supervisors, are still more detailed but they cover fewer items. The field supervisor for reinforcing steel, for instance, is not inundated with information about beam supply for the main structure. Sub-contractors get a printout giving only the start and finish dates and slippage time for each item.

Charles DeBenedictis of the Tishman company told Engineering News-Record that with the new system:

"We can monitor all projects across the country by looking at just a few computer bar charts every month and we don't interfere with each project manager's technique. We just make sure he's on schedule and that's all we care about."

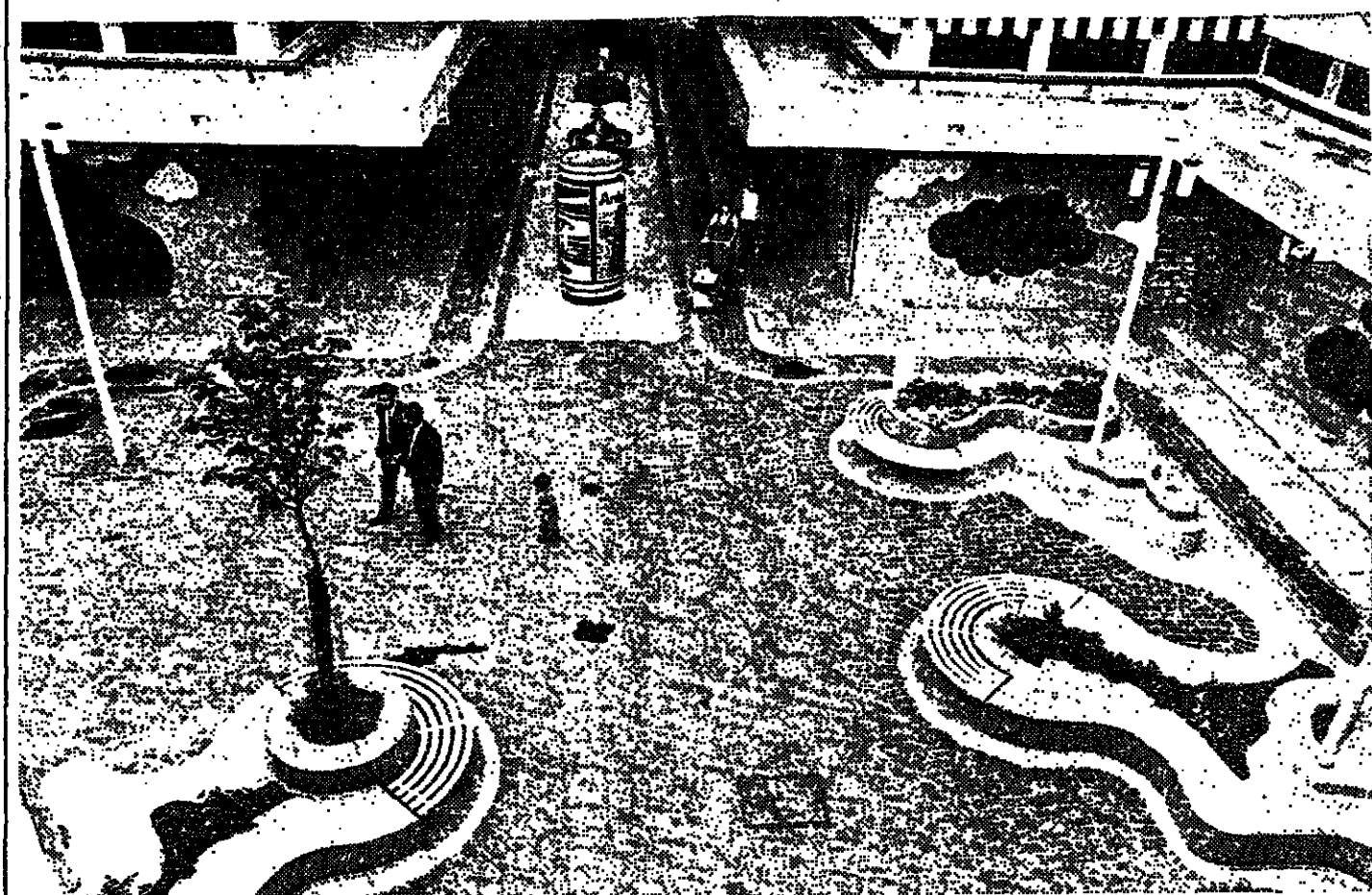
Another innovation in Jha's method is that preliminary planning is done in skeleton form—what the company people call "milestone planning." Ordinary Critical Path Method calls for detailed planning of the whole job before any of it starts. That meant that any change in any item had to be carried through the whole CPM schedule.

With the milestone method, detailed CPM is made only for foundation and placing of the first steel.

## DESIGN

# The Bush sprouts cornfields again

BY OUR DESIGN CORRESPONDENT



Glyn Gwyn

DESIGNER Peter Murdoch claims he can improve any building you care to mention with the aid of cosmetic surgery. Even the Shell Tower, he says, is a masterpiece of unimportant details.

Down at Shepherd's Bush, where buses, cars and lorries converge on that one poor tired patch of grass to the west of London, and battle to get in or out of town, he's just put his theory into practice at a shopping centre beneath two 17-storey blocks of flats.

It seems a bitter reflection on our architecture that he considers his work so vital in the present environmental battle, but he insists architects and designers should co-operate on such jobs. "There is a great deal too much emphasis being put on permanence and on detail."

It's much better to go for quick effect that can be easily changed when it becomes obsolete, and for overall impact rather than unimportant details.

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One of the horrors of a new shopping centre, for the developer anxious to have the whole thing buzzing with commercial life, as well as for the shoppers, are those blank, ugly facades which betray the unlet shop and which manage to suggest failure long before it is a fact. Murdoch has got round that by having each one painted with a stylised pattern of clouds, blue sky, cornfields and trees: Shepherd's Bush as it once was.

The total effect is gay, slightly zany, but undeniably one of optimism and insouciance.

A laden shopper struggling through here on a wet Monday, across the paved walkway with its insets of mosaic and bricks, round the flower beds (there's even a frail tree or two), past the green and yellow posters, the yellow lamp-posts, the up-the-steps with bright yellow handrails to the car park above, could possibly forget the grey, the gloom, the drizzle.

The locals still talk affectionately about the Bush, and Murdoch took his theme from that. Murdoch has used brightly coloured paint to try to revive memories of a verdant past for this green, fun-choked corner of London. All handrails and graphics are green and yellow, there are raised flower beds lined in green and yellow in the centre of the terrazzo in the centre of the precinct, with green slatted seats set against them for the weary, and other seats have bush-shaped Shepherd's Bush, a tough, working-class area with no visual pretensions, it is appropriate. It brings a little fun and humanity into a cold, hard slab of development which might have been designed for machines, not people.

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## Olivetti competition

INDIVIDUALS are more than holding their own against teams of top executives at the half way stage of the Olivetti Management Competition.

This contest to test marketing and management skills arranged in collaboration with Sundridge Park Management Centre, is currently running in the magazine Business Administration.

Individual scores at the end of the second stage were "easily

higher than teams from top companies," says the magazine. Of the top solo entries, eight are newcomers who did not appear on the leader board at the first stage, when over 50 competitors scored full marks.

Among the management team entries, Neumo—a small Newhaven, Sussex, filling machine manufacturer—is again among the top ten, level pegging with companies such as Dunlop, EMI, ICI, and John Player.



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FRIDAY SEPTEMBER 3 1971

## Keeping the money out

THE TIME has long since passed when one could be astonished by the size of movements of funds across the exchanges. When sterling was under pressure in the middle 1960s the true reserve losses were always larger than the worst pessimists feared. Similarly, when the D-Mark became a revaluation suspect the inflow of funds into Germany always turned out to be much greater than most people thought possible beforehand. The fact is that when a parity is threatened under a fixed exchange rate system with either a revaluation or a devaluation, both speculators and people acting from precautionary motives will have everything to gain by moving funds in one direction and little to lose if the suspected event does not in the end occur.

The \$937m. inflow of reserves into London in August, before allowing for the IMF repayments and associated factors, was not in fact particularly large in the context of the prevailing dollar crisis. This figure is for once a "clean" one and has not, as on many occasions in the past, been doctored by central bank transactions. Virtually all the inflow took place in the three days before the Nixon statement. The British reserve gain was in fact a great deal smaller than that of countries such as Japan and Switzerland. The only reason why the Germans did not suffer a mammoth inflow was that the D-Mark was already floating and a great deal of the strain was taken on the exchange rate.

**Precautionary**  
Since the foreign exchange market reopened in London the authorities have intervened very little in the market and there has, therefore, been a negligible inflow of reserves. The political directive under which the authorities have been acting is to avoid both any major purchases of dollars and any significant appreciation in the sterling rate. Both the exchange controls announced over the week-end and yesterday's Bank Rate reduction were designed to reconcile these two objectives.

The exchange controls do not apply to the sterling area; and both for this reason, and because of the inevitable leak-

### Domestic position

Meanwhile one must not overlook the domestic implications of the Bank Rate reduction. The Chancellor's fiscal stimulus is far too recent for any verdict on its effects. On the other hand with a potential supply of credit exceeding the demand, a fall in interest rates would be natural and a Bank Rate cut is in a sense only following market conditions. At the same time a Bank Rate of 5 per cent is associated with real rates of interest which are in fact negative. It will be difficult to reconcile it permanently with an inflation rate in the range of 7-10 per cent. Either the inflation rate will have to come down further or interest rates must rise again.

Under the new-style monetary policy due to be introduced later this month, interest rates would not be so tied to Bank Rate. Monetary policy will be focused on the total money supply and interest rates will be much freer to reflect the changing demand for credit. Under these conditions the paradox would sort itself out. There might be some drop in interest rates during the interval before the present expansionist fiscal and monetary policy has had its effects. But in due course a rising demand for credit would push rates up again and an economically low level avoided during the upward phase of the cycle. The moral is that the sooner the new monetary policy comes into operation, and the less that interest rates are made a matter of political decision, the better. There are many who would argue that the same would apply to exchange rates as well.

## Coal becomes more competitive

THE National Coal Board's latest report covers the last of Lord Robens' ten years as chairman. Its optimistic tone provides a sharp contrast to the situation facing the industry a decade ago and in many respects well justified. Thanks to high demand and a welcome spurt in productivity towards the end of 1970-71, the Board managed to make a large enough profit to cover interest charges and to leave a modest net surplus. This year the Board hopes to do at least as well, provided the miners' pay claim is settled on a reasonable basis this autumn.

True, the restoration of profitability owes a lot to the succession of increases in coal prices in the last two years. It is, for example, largely because the Board secured the biggest price increase in its history earlier this year that it now sees little difficulty in being able to abide by the CBI call for a year of price restraint. However, higher coal prices reflect not only the present inflationary upsurge but also the change round in the fuel market. Fuel oil prices have risen so far that coal is now more competitive than for many years past, and this trend looks like continuing. Coal prices overseas have also risen rapidly, with the result that imports—which are now permitted for the first time in any quantity for 16 years—are generally more expensive.

**Efficiency**  
The coal supply position has also improved. After years in which the industry has been rapidly reduced in size, the point was reached last winter where coal suddenly became again in short supply. The prospects for this coming winter look better, thanks to imports and the special efforts that have been made during the present recession to rebuild stocks. Of more importance in the longer run, the end of retrenchment has worked wonders with

### Intervention

How long the Coal Board will be able to sustain this position of strength is another question. Perhaps the biggest problem, and certainly the most urgent one, facing Lord Robens' successor is political: for differing reasons, both the Government and Mr. Derek Ezra, the new chairman, are seeking to establish a new basis for relations between the Board and Whitehall. From the Coal Board's side, the principal aim appears to be a much looser relationship, something that all other nationalised boards desire. Since the industry's capital expenditure is now running at only £60m.-£70m. a year, which could be financed entirely from depreciation and profits, the Board is hoping to dispense with additional Exchequer borrowing for its main activities and to raise privately any capital needed for its ancillary interests. At the same time it would like to convert half its capital debt into Public Dividend Capital on which dividends, rather than a fixed rate of interest, would be payable; and to retain—subject to certain disposals at opportune moments—all its present highly profitable ancillaries.

On all these points the Coal Board appears to have a strong case. But it is far from certain whether the Government will be willing to concede them—serious discussions on the question of "hiving off" are only now just beginning. However, the Government's decisions on the structure of the steel industry proved to be far less doctrinaire than had at one time been widely feared, and the common sense approach could well yet be applied in the equally sensitive case of coal.

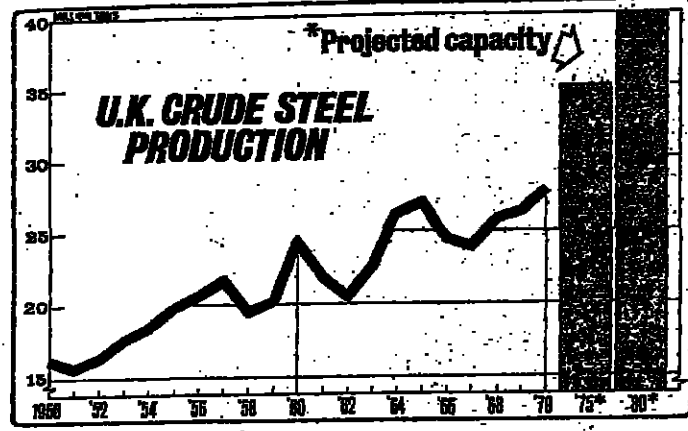
The economic and social argument surrounding the British Steel Corporation's long-term investment plans, which are being scrutinised by the Government

# The case for a giant steelworks

BY KEN GOFTON



"Basic oxygen" steelmaking at Port Talbot. A modern converter (the "cement mixer" being loaded in the picture) can produce about 300 tons of steel in 40 minutes, compared with the 10 hours taken by traditional furnaces.



The World's Largest Steelworks

(capacity in million metric tons)	Present	1975	1980	Ultimate
Nippon Kokan, Fukuyama, Japan	10	16	20	78-20
Magnitogorsk, USSR	9.5	15	20	14
Krivoy Rog, USSR	—	12	20	15
Nippon Steel, Utsa, Japan	—	12	20	15
Sumitomo, Kashima, Japan	6.6	12	—	—
Kawasaki Steel, Chiba, Japan	9	10-12	—	—
Nippon Steel, Yawata/Tobata, Japan	5.7	10-12	—	—
Nippon Steel, Kimitsu, Japan	4.5	10-12	—	—
Kawasaki Steel, Mizushima, Japan	—	—	10-11	—
Steel Co. of Canada, Nanticoke	—	—	—	10-11
August Thyssen Hütte, Duisburg, W. Germany	10	—	—	—
Italsider, Taranto, Italy	4.5	—	—	—
Italsider, Reggio, Italy	—	—	—	—

Source: BSC

**S**TEEL is only one part—though use out of the best of the steel probably the most controversial works inherited as a result of—of the BSC's long-term investment programme, now being scrutinised in detail by the Government. According to the Corporation, it may require a steelmaking capacity of 35m. tons by 1975 and 40m. tons by 1980. Between 1972 and 1981 it expects it will need some £4,000m. at 1971 prices—the main items being £3,000m. for fixed investment in the U.K., £450m. for investment overseas (mainly in iron ore or coking coal projects), and £250m. additional working capital.

Ahead of the "green field" works, for instance, the Corporation would hope to build a so-called "brown field" works. That seems to be the term for something not quite as ambitious as a completely new works, built next door to an existing plant and sharing some of its facilities. The choice of site for this development—if it is allowed to go ahead—seems to have fallen on Redcar, on the Yorkshire coast, where the BSC has said that it is examining the prospects for a 6m. ton complex, a venture likely to cost about £800m.

Overall, the programme is intended not only to increase capacity, but also to improve the economics and quality of U.K. steelmaking by replacing outdated equipment. As a result, there is some flexibility about the most appropriate moment to close a particular steelworks and introduce new plant.

More problematical is the occupation either here or Anchor scheme at Scunthorpe, abroad, and in view of the level designed to take advantage of the huge blast furnaces in the town by welding together three existing steelworks. Three 300-ton converters will replace a varied collection of furnaces, and new rolling mills and a continuous casting plant are being laid down. As a result the capacity of the works will be raised from 2.6m. to 4.4m. ingot tons, with the possibility of further increases later to 6.75m. tons, making it the largest works in the U.K.

Some critics, the BSC admits, have suggested that the Anchor scheme should never have got off the drawing board. Like Ravenscraig and Llanwern, it suffers from not being on the coast, which means unnecessary handling of the ore. And although some of the Scunthorpe blast furnaces (the reason for going ahead in the first place) are among the best in the country, they fall short of to-day's technology.

Anchor was approved for a number of reasons. The basis for it existed within United Steel before nationalisation, which meant that when the BSC decided that it wanted extra capacity quickly a scheme was there which needed relatively little modification. It was also, claims the BSC, the cheapest way of getting that extra capacity, at a time when money was particularly hard to come by. The trouble is that by putting in so much extra capacity at Scunthorpe, BSC may have weakened its case for building elsewhere more efficient works. Bulk steel production has not been a particularly profitable

Corporation plan to share in new works on the Continent.

Instead of a huge "green field" development, the Government might favour another "brown field" venture, say at Port Talbot. If the Government does give its support to a completely new works, with a site located according to commercial considerations—which might suggest a coastal site anywhere round the southern half of the country—or political needs, from the business point of view, the closer the works to its customers in the Midlands, the South, and the Common Market, the better. On the other hand, there is Scotland's unemployment: problem and steel, in spite of the greater productivity of modern plant, can absorb a lot of labour.

Improved productivity and lower costs per ton may even be an illusion. An article in Fortune earlier this year, analysing U.S. experience, pointed out that "the cost savings produced by capital spending—perhaps \$5 or \$6 per ton of steel since 1965—have not generated enough cash to pay the fixed charges (mainly interest and depreciation) brought on by the investments themselves." A factor to keep in mind (with the BSC currently struggling along in a depressed market) is that modern, capital-intensive equipment demands a higher degree of utilisation to pay its way.

**S**ince the British Steel Corporation plan to share in new works on the Continent, the Government might favour another "brown field" venture, say at Port Talbot.

In recent statements in the House of Commons, Mr. Davies has made it clear that many of these questions are being examined in great detail, in the "deep-seated review" due for completion by the end of the year. However, it is not clear that the detailed economic considerations will be spelt out when the conclusions are published.

Just as the British Steel Corporation was anxious—with good reason—to have the question of steel industry ownership finally taken out of the debating arena, so it now wants confirmation of its long-term investment plans as a matter of priority. It could hardly be expected to welcome an inquiry on the lines of the Roskill Commission.

However, the Roskill Commission report at least had the merit that it presented all the facts, and when its recommendation of Cublington was overruled by the Government in favour of Foulness, it was possible to put a price on a political decision. When BSC's future investment plans come up for decision, the economic and political basis of the final choice should be equally public.

## MEN AND MATTERS

Mad is rich

There was a 285-pound (that's over 20-stone) American with a bushy grey beard and long grey locks reclining on one elbow on the pavement of Portman Square in London yesterday, carrying a placard saying "Mad is mad is mad." But Mr. William Gaines is quite sane enough to have made a million or more (dollars that is) from selling control of his "Mad" magazine, about 10 years ago, since when he has stayed on as the salaried publisher of this odd publishing phenomenon, which carries no advertising and makes lampooning (of films, advertisements, other magazines) its stock-in-trade.

Gaines first took over his father's comics business in the late 1940s, and published nine horror and science fiction comics with titles like "Tales from the Crypt" and "The Vault of Horror"—the sort of Winston Churchill didn't like. It was my comics he used to wave around, says Gaines. They wanted a tenth comic, and hit on the idea of Mad, which now sells about 1.6m. copies in the U.S. and another 60,000 in the U.K., plus Swedish, Finnish, Danish, Norwegian, German and Dutch editions. For some reason the French edition flopped (not sophisticated enough for the Gauls?) and the Spanish edition "doesn't do so well" either. The main readership is in the 16-17 age group. Why no ads? "You can't lampoon a Pepsi ad and take a Coke ad," says Gaines, who arrived in London yesterday with 20 of his contributors on the annual Mad junket, this year taking in London, Moscow, Leningrad and Amsterdam, at

a cost to Mad of \$20,000. The trips are a way of attracting contributors who could earn a lot more doing something else with their time—most work in the media business somewhere.

After a series of take-overs, Mad is now a subsidiary of Kinney National Service Inc., which owns Warner Brothers, film studios, record companies, funeral parlours, and other comics like Superman and Batman. The big-eared boy Alfred whose face keeps turning up in Mad has been the subject of a law suit over copyright that went to the U.S. Supreme Court, and caused Gaines to trace Alfred back to the 1890s, when the head appeared on a mickledom slide advertising a painless dentist.

Gaines spends his money, he says, on travel, food, wine—"I have a modest cellar in my 25th storey apartment"—and Zeppelins—"a tough hobby because there are no Zeppelins." But his next task is to shed weight—"I aim to lose 100 lbs."



**Bankers' bane**  
The application of high pressure American efficiency methods is throwing a heavy strain on the health of bank officers, claims the New Zealand Bank Officers' Guild. Bank staff are to-day being subjected to "an endless barrage of circulars, new systems, seminars, promotions, clerical work improvement schemes, projections and indoctrination courses," and for many the strain has become too much, claims the general secretary of the Guild, Mr. D. R. Lennon. The cumulative anxiety caused by these methods has caused many New Zealand bank officers breakdowns in health. Some officers have actually died from overwork, claims Lennon. U.K. bank staff, watch out.

**From debts to dice**  
There is a certain gentle irony about finding a man from Cork, Guile, the firm of accountants best known for its work as receivers and liquidators, heading up a new company to run a posh gambling casino in London's Mayfair. But Mr. Norman Barrington Cork, brother of Mr. Kenneth Cork, the senior partner of Cork, Guile, has been associated with gaming ever since he went to Malta in 1957 and suggested they started a casino to attract tourists. Mr. Dom Mintoff was Prime Minister of Malta at that time also, and backed the idea, and Cork became chairman of the new Dragonara Palace Casino there.

"The service chiefs said, 'Tourism—this is a fortress' and we had to combat that," says Cork. The Dragonara is now owned by the Ladbroke subsidiary, Kursaal, where Cork is deputy chairman.

Cork's other connection with gaming came through Vydra Restaurants, of which he was chairman. This had the Normandy Sporting Club and the River Club, then run by Captain Les Ponté, who is one of the partners in the new Mayfair venture. The other partner is boxing promoter Mr. Jack Solomon. Cork has no shares, but will again be chairman of the company running the casino. "We have all been highly vetted by the Gaming Board," says Cork. Cork has become quite an authority on tourism. He advised the Turkish Government on how to set up a casino in Istanbul (it proved uneconomic) and visited Cyprus. He is also chairman of a new company called Golf International, which aims to meet the travel, insurance and other needs of golfers. But he is still also immersed in the main Cork, Guile activities of receivership and reconstruction of companies.

**Hic**  
A reader and his wife recently bought identical numbers of shares in Bullmers, the elder company, and the other day they got their dividend slips, which read:  
Husband, gross £3.75, less income-tax £1.26, Net £2.29.  
Wife, gross £3.75, less income-tax £1.45, Net £2.30.  
The reader wonders if this is a case of sexual discrimination, or simply that the computer had drunk too much elder.

On September 13th the City will move to Kensington

More precisely Olympia. For there, from September 13th to 17th, the First Financing for International Trade and Export Services Exhibition and Conference takes place. The list of exhibitors covers both the great city names and a broad range of related organisations. Together they will make the exhibition a unique demonstration of London as the centre for world trade promotion. Linked with the exhibition will be a four day conference covering such themes as the role of merchant banks and future developments in export finance.

Send now for ticket information and details of the conference fees and programme to:  
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هكزان النحل

LIQUEFIED NATURAL GAS

# Moving into the energy gap

BY ADRIAN HAMILTON

AFTER several years of planning, problems and some considerable financial loss on individual schemes, the international trade in liquid natural gas at last looks like taking off in a major way.

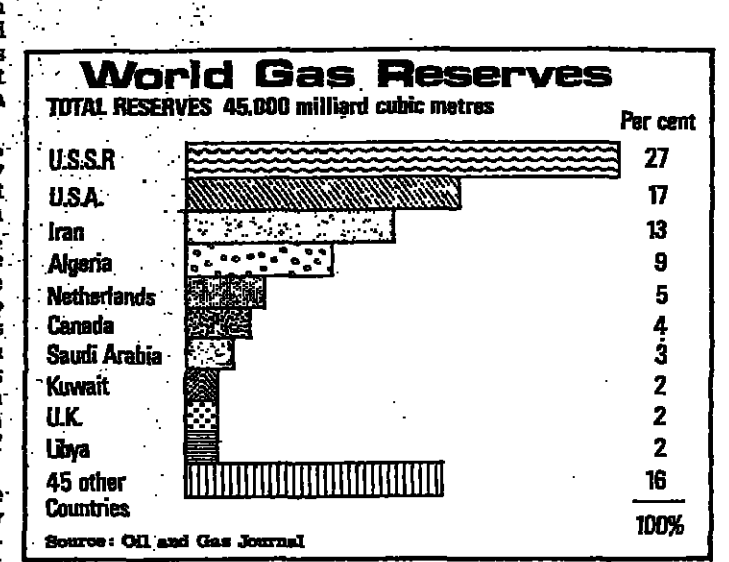
Esso has been allowed to start shipments of LNG from Libya to France and Spain, while the Algerians will be beginning a gas export scheme to France at the end of the year. In the U.S., the Federal Power Commission appears to be opening the way for a considerable import of Algerian gas to the East Coast, and at the end of next year, Shell will start one of the world's largest LNG projects when it begins shipment of gas from Brunei to Japan.

## For storage

By the end of the decade, total world movement could well amount to over ten times the present level of 650m. cubic feet a day. By the middle of the 1980s the figure could have reached some 30,000m. cubic feet a day, of which half will probably be going to the U.S. and the rest to Japan, Europe, and other parts of the industrialised world.

This rapid emergence of LNG as a bulk form of international energy has come after less than a decade of development. At the start, liquefaction of gas was primarily aimed at converting natural gas supplies into an easily-storable form to meet peak winter demand. The first international shipments only started when the Gas Council and the Conch Methane group of pioneers a small scheme to deliver about 100m. cubic feet

a day of LNG from Algeria to Japan, where natural gas had certain advantages on pollution shortages. Of the total oil and gas reserves in the world, about one third are in the form of natural gas, which has yet been little exploited, in the major oil producing areas of the Middle East and Africa. A number of countries with sizeable gas markets are now concerned



Source: OIL and Gas Journal

at over 7 cents a therm, for about the ability of indigenous supplies to meet the growth in demand and LNG has appeared 3.6 cents, the delivered cost of as the most realistic long-term alternative.

In the U.K., for instance, North Sea discoveries appear to be adequate to meet the projected demand of 4,000m. cubic feet a day in the mid-seventies, but while further smaller finds may still be made, the Gas Council is having to consider imports as a long-term measure to meet increased consumption during the Eighties.

Similarly in Europe, almost all production from the giant Groningen field in Holland is now committed until 1990. Recent off-shore discoveries in the Adriatic are small compared with Europe's total needs and, while the massive projects to import piped gas from Russia will do something to fill the gap later in the decade, neither the Russians nor the importing countries appear willing to expand these too far.

Japan, too, is becoming increasingly interested in gas as a means of solving some of its pollution problems and, without major resources of its own, is having to look to imports, either piped from Russia or shipped from the producing areas of Asia and the Middle East.

Above all, the potential market for LNG has been radically improved by the gas reserves situation in the U.S. North America has traditionally accounted for some 60 per cent. of the world's consumption of gas, but while U.S. demand has been growing at around 7 per cent. a year, production has increased by only 4 per cent. and the ratio of reserves to production has fallen dramatically over the last few years.

Not only concern about future energy sources but the rapid rise in the cost of alternative fuels has boosted the prospects for LNG. Fuel oil has gone up in price by as much as 50 to 70 per cent. in the past year, while natural gas has gained an increasing premium in the industrial markets because of its cleanliness and flexibility as a fuel. The production of synthetic natural gas from coal is still felt to be



Methane Princess, owned by Conch Methane Tankers and contracted to the Gas Council, discharging at the Council's Canvey Island terminal. She and her sister ship make 60 round trips a year from Algeria to Britain to deliver a total average annual liquid gas cargo of 700,000 tons.

some years away and, even when the technology is fully developed, the price is unlikely to be less than 10 cents per therm at the minimum.

As for LNG, Shell concluded its Brunei-Japan contract at a price of 4.86 cents a therm; projects to ship gas from further afield to Japan in the mid-1970s are now being quoted at nearly double this figure. Equally, the price of imported LNG on the U.S. east coast, previously calculated at around 5 to 6 cents per therm, could well rise to 8 to 9 cents, perhaps more, by the second half of the decade.

Nonetheless, this makes massive international movement of liquefied gas over large distances a great deal more realistic, particularly to the U.S. where the demand will be greatest. The various U.S. Government agencies and the staff of the Federal Power Commission have already approved the idea of the first stages of the El Paso Natural Gas Company's project to import an eventual total of 1,500m. cubic feet a day of Algerian gas.

## Far afield

The Shell-BP partnership in Nigeria is now exploring U.S. markets for some 650m. cfd of Nigerian LNG. Some major schemes have also been re-searched for shipping gas from Venezuelan shipments to the

## Major role

Natural gas discoveries in countries such as Trinidad, which might have been considered uneconomic a decade ago, are now capable of development for export; while the enormous reserves of gas associated with oil in the traditional producing countries of the Middle East now have economic value in their own right. Within the next few years, Borneo could well be earning more from its gas than from its oil, as might Algeria by the end of the decade.

In a world increasingly hungry for energy, liquid natural gas is at last beginning to play a major part in bringing new fuel resources into play and transporting them to where they are most needed.

## Labour News

### BAC snub likely for 'redundancy team'

BY MICHAEL HAND, LABOUR CORRESPONDENT

The British Aircraft Corporation made it clear yesterday that it is unlikely to deal with the unofficial union redundancy committee set up at Filton (Bristol) and Fairford (Glouc.) despite the decision by workers to ban overtime which could affect the Concorde—until it is recognised.

The committee was formed several weeks ago to co-ordinate action among the 17 unions with members at the two establishments in anticipation of a further 1,200 redundancies at five BAC plants.

A spokesman for the company said yesterday that it saw no reason for superseding the existing well-established and agreed staff and works negotiating procedures.

## Unanimous vote

"We believe that these procedures provide the trade union representatives with every opportunity to raise any problems they wish to discuss," he added.

On Wednesday, there was a unanimous vote at a mass meeting at Filton to ban overtime in all departments until recognition was given to the committee, which wants the company to stay its hand until there have been talks aimed at maintaining the labour force at its present level.

## Fleet Street engineers reject pay offer

BY ALEX HENDRY, LABOUR REPORTER

MAINTENANCE engineers on national newspapers have rejected the management's pay offer of an extra £1 a week on basic rates and the consolidation of the £10-a-week cost of living bonus.

The negotiations have run into difficulties over the decision of the National Graphical Association to demand a percentage pay award to maintain its members' differentials over other print workers.

## Foundry walkout

An iron foundry at Dudley, Staffs, was at a standstill yesterday following a walkout by more than 300 workers over a pay claim.

## Pay rally

Farm workers from all over Britain will rally in Trafalgar Square on October 16 to back the National Union of Agricultural and Allied Workers' claim for an £18, 40-hour week. Basic pay is now £14.80 for 42 hours.

## SHORT TIME AT SCOTTISH PLANT

Due to a fall in orders the India Tyre factory at Inchinnan, Renfrewshire, is to put 750 production workers on short-time. A further 20 will be made redundant. Other labeling news, Page 27.

## SURVEYS NEXT WEEK

- Monday, September 6
  - Wednesday, September 8
  - Wednesday, September 8
  - Thursday, September 9
  - Thursday, September 9
  - Saturday, September 11
- Industrial Property  
Nordic Forest Industries  
King's Lynn  
Lanndries  
Chicago  
Living Abroad in Retirement

## Two construction industry chiefs back British entry

BY HAROLD BOLTER, INDUSTRIAL CORRESPONDENT

LEADERS of two of the U.K.'s largest construction companies from Britain to Europe.

He denied that entry would lead to any further loss of sovereignty, claiming that the U.K. had been held back in the past by sterling crises, declining preference in Commonwealth markets and heavy defence expenditure overseas.

Sir Frederick Catherwood, a director of John Laing and Son and formerly Director-General of the National Economic Development Office, insisted that living standards in the U.K. would almost certainly improve on entry and might well deteriorate if Britain did not go in.

Sir Frederick said there was a danger that if Britain did not join the Community the standard of living in Europe would soar ahead, almost certainly producing a drain of brains and talent from Britain to Europe.

## Shipping conferences to adjust dollar freight tariffs

BY JAMES McDONALD, SHIPPING CORRESPONDENT

SEVERAL international shipping conferences, whose freight tariffs are expressed in U.S. dollars, 6. The Association adds that the level of the charge will be kept under constant review.

The 11 lines are: Blue Star, East Asiatic Company, Hamburg-Suedamerikanische Dampfschiffahrts-Gesellschaft, Eggert and Amsinck, Hapag-Lloyd AG, Cie des Messageries Maritimes, Koninklijke Nedlloyd NV, New Zealand Shipping, Port, Shaw Savill and Albion, Rederiaktiebolaget Transatlantic and Wilhelmsen. Similar arrangements apply to shipments from Scandinavian ports.

But the four British lines forming the New Zealand Conference—within the larger New Zealand European Shipping Association—New Zealand Shipping, Shaw Savill, Blue Star and Port Line, will apply a currency adjustment charge of only 2½ per cent. from September 6 and 5½ per cent. will be introduced

## Warning of new problems for Clyde social workers

BY ANDREW HARGRAVE, SCOTTISH CORRESPONDENT

PROMINENT Clyde social workers and heads of social work departments warned here today of already hard-pressed social services being stretched beyond acceptable limits if the Upper Clyde collapse leads to large-scale redundancies.

On the second day of the inquiry sponsored by the Scottish TUC, the chairman of Glasgow North and South Social Workers' Associations (covering the whole of Clydeside) presented a memorandum which states categorically that "people with time on their hands inevitably increase the pressure on hospital social work departments and those of health and employment."

"Any attempt to meet such demands is going to lead to a lowering of the quality of service," it says.

The long-term impact of unemployment was no less menacing, were given by the director of social work, Mr. Charles Kirk. He expected financial help towards paying rents, gas, electricity, etc., to double in the current year and the number of families receiving help, about 2,500, to rise by a further 1,000.

The long-term implications of unemployment also figured high in the evidence presented by Mr. James Jack, general secretary of the STUC.

He told the inquiry, headed by Prof. Raymond Illsley, that about half the total male unemployed in Greater Glasgow in July—almost 35,000 people—had been out of work for more than three months. Over 4,400 of them had been out of work for more than a year.

"The social consequences of UCS going to the wall would create an almost irreparable situation," declared Mr. Jack.

## EEC: Wilson to tell Europe

BY PHILIP RAWSTORNE

MR. HAROLD WILSON yesterday flew to Salzburg to explain to other West European Socialist leaders the reasons for the Labour Party's opposition to Britain's entry into the Common Market.

He will make one of the introductory statements at a conference of the Socialist International, called to discuss the state of European integration, on the terms negotiated

A number of European Socialist leaders are reported to have been dismayed and angered by the Labour Party leadership's attitude to the Common Market. It will be the first time that Mr. Wilson has met leaders of the European socialist parties since the Labour Party's National Executive voted decisively against membership of the EEC.

Mr. Taylor said he believed that the most immediate effect of EEC membership would be felt among companies with large property interests. British property developers would bring a wealth of experience to the European scene, he claimed.

British methods of creating self-contained new towns and of providing new industrial estates could also be of great assistance.

It is understood that the Continental lines within the New Zealand European Shipping Association—the German, the Dutch in particular—believe themselves to be hardest hit by the devaluation of the dollar since most of their payments are made in this currency. British lines are usually paid in sterling.

Another conference—the East African—has also announced that as from Monday a "currency adjustment factor" of 3.4 per cent. will be applied to the U.S. dollar freight shown on the freight account before conversion is made to local currency. This conversion will apply in both directions.

A similar announcement has been made by the U.K.-Sudan shipping conference but in this trade the "currency adjustment factor" is 2.5 per cent.

## Why is it everyone can save but you?

Relax. You're no different from the rest. Saving is simply a trick. A rather good one.

You don't even have to be careful with money. The trick is to work out in advance how much you could take out of your pay every month without feeling the pinch.

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recent statements

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# COMPANY NEWS + COMMENT

## BET tops £19m.: meets 20% forecast

GROUP PRE-TAX profit of The British Electric Traction Company increased from an adjusted £18.07m. to £19.04m. in the year to March 31, 1971, after £18.22m. against £17.77m. for the first half.

The final dividend is the forecasted 12½ per cent. on capital increased by the issue of 4,900,818 shares of 25p each, against the outstanding minority interest in Boulton and Paul. This lifts the total to 30 (18½) per cent.

The results include for the first time the BET group's share of the profits of its associated companies. The group's share of the charge for tax and of the interests of minority holders in associated companies have also been consolidated. The comparative figures of the previous years have been adjusted so that they are comparable.

The profit attributable to BET of £9,032,097 (£8,177,837) includes £1,726,534 (£1,889,051) in respect of associated companies.

BET is the holding company of a group with a wide range of interests, including a substantial portfolio of general investments. Meeting, Connaught Rooms, WC, Oct. 14 at 12.15 p.m.

### comment

Since BET's major subsidiary, Rediffusion, was down about £200,000 pre-tax, while Humphries Holdings suffered a £700,000 turnaround into loss, the net result of improvement by the group as a whole implies that the contribution from elsewhere was getting on for £2m. higher. Boulton and Paul was a major influence here, with a substantial £900,000 gain, while there was some £200,000 more from Advance Laundries.

Another quoted subsidiary—and probably a rather better result in various unquoted offshoots like Murphy Brothers in open-cast mining. The upshot is that earnings were boosted by a share of £100,000 of trading profit from the recent U.S. economic measures, reported chairman Mr. John G. Vaughan at the annual meeting.

He pointed out that last year's problems with the Cambridge Instrument business arose as a direct result of a shortage of orders for electron microscopes and allied equipment.

"This year to date the order position has been very buoyant and as of yesterday our management in the U.S. anticipate that orders will be maintained at the planned level for the remainder of the year," said Mr. Vaughan.

This view was based on the assumption that, while there might be some prejudice against a British product, any resultant disadvantage would be at least offset by a greater prejudice against the Japanese product which, to the present time, had taken about 30 per cent. of the American market, he added.

## Ashe Chemical ahead

REPORTING an increase from £165,000 to £190,000 in first half group pre-tax profits, the directors of Ashe Chemical are lifting the interim dividend from equal to 7½ per cent. to 10 per cent. for the year 1971. Last year's total equivalent was 13½ per cent.

Subject to unforeseen circumstances, the future is viewed "with the same confidence expressed in past years". The directors have already forecasted another record year.

Due to seasonal factors, second half profits normally exceed those of the first—the figure for all of 1970 was £498,836.

### comment

Now over the hump caused by the cyclamate ban Ashe Chemical appears to have settled into its main problem in 1971. It has routine growth trend, with first affected the first six months and half profits 15 per cent. to the will be the prime factor in good. The improvement has come determining the 1971 result as from most product areas while whole.

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Ashe Chemical	20	1	Halcyon	22	3
Attok Oil	23	2	Hattersley Steelrad	23	1
Blue Circle Aggregates	21	4	Hotel York	22	6
Brit. Elect. Traction	20	1	Houchin	22	2
Caith	22	5	Howard (H. R.)	20	3
Canning Town Glass	20	4	ICI	22	1
Clarke Nickolls	22	8	Imry Property	20	8
Collins (William)	20	4	Kent (George)	20	2
Decca	23	1	Lines Brothers	22	7
Early (Chas.) & Marriott	21	4	Macarthy	23	2
East Asiatic	22	3	Marshall (Halifax)	22	4
Electrocomponents	22	4	Quick (H. & J.)	20	2
English & Overseas	23	1	Robinson (Thos.)	20	7
Fluvent	22	8	Stewart Plastics	20	5

The Oke Laboratories acquisition has more than filled the hole left by the sale of the animal food business. Rising costs, however, have continued to be a problem but Ashe looks to have kept abreast of the situation by more automation and less sizes in some product lines. With further automation planned, margins are unlikely to show much deterioration which given the current level of demand implies profits for 1971 of well over £600,000 pre-tax. But with the shares on a historic p/e of about 22 at 43p Ashe certainly needs to come up with something big.

## Geo. Kent on the U.S. measures

TAKING the most pessimistic view, George Kent, the industrial instrument manufacturers, could lose some £100,000 of trading profit from the recent U.S. economic measures, reported chairman Mr. John G. Vaughan at the annual meeting.

He pointed out that last year's problems with the Cambridge Instrument business arose as a direct result of a shortage of orders for electron microscopes and allied equipment.

"This year to date the order position has been very buoyant and as of yesterday our management in the U.S. anticipate that orders will be maintained at the planned level for the remainder of the year," said Mr. Vaughan.

This view was based on the assumption that, while there might be some prejudice against a British product, any resultant disadvantage would be at least offset by a greater prejudice against the Japanese product which, to the present time, had taken about 30 per cent. of the American market, he added.

## Quick Group's downturn

PRE-TAX profits of the H. and J. Quick Group of main Ford dealers fell from £130,829 to £93,078 in the first half of 1971.

The interim dividend is held at 10 per cent.—the total in 1970 was 22½ per cent. paid from pre-tax profits of £210,592.

Mr. Norman Quick, chairman, explains that car supply is the main problem in 1971. It has routine growth trend, with first affected the first six months and half profits 15 per cent. to the will be the prime factor in good. The improvement has come determining the 1971 result as from most product areas while whole.

The group received 40 per cent. less vehicles this year as compared with the same period in 1970 and it also suffered severely from the lack of Ford parts—the supply being interrupted for ten weeks.

Measures introduced by the Government in July are having a "real effect" on the new car market and August orders booked represent a record for that month, says the chairman. Given supply, the group is in good shape to take advantage of an obviously buoyant market and Mr. Quick is cautiously optimistic.

### comment

The Ford strike has had a predictably depressing effect on Quick's interim results—costing about £500,000 pre-tax and reducing profits by 25 per cent. The setback would have been greater but for the strength of the services and parts side which accounts for 45 per cent. of trading profits and was 7 per cent. up at the half-way stage in spite of the unavailability of certain spare parts. In the current half the new car business has got into its stride again following the mini-Budget with demand for Cortinas particularly buoyant. The only snag is that there are still supply shortages so it is not possible to forecast the full-year result. But adding back the reported profits for the last 12 months gives earnings of 3.5p and p/e of 7.1 at 25p, well below the sector average.

## H. Howard lifts total to 30%

GROUP PROFIT, before tax, of H. R. Howard and Sons expanded from £56,976 to £142,101 in the year to May 31, 1971, and the dividend is stepped up from 12½ to 30 per cent. with a final of 20 per cent.

When reporting first half profit up from £25,924 to £22,583, chairman, Mr. N. D. Howard, said that profitability had continued to improve and that demand was encouraging.

He now says the forward order position is reassuring in both departments "and we look forward with optimism to the coming year."

Mr. Norman Quick, chairman, explains that car supply is the main problem in 1971. It has routine growth trend, with first affected the first six months and half profits 15 per cent. to the will be the prime factor in good. The improvement has come determining the 1971 result as from most product areas while whole.

## Wm. Collins expects to pay more

INCREASED PROFITS and a dividend in excess of the 13½ per cent. paid for 1970 are forecast by William Collins and Sons (Holdings), publishers, etc., for the current year.

First half turnover expanded from £2,301,000 to £2,516,000 and pre-tax profit advanced from an amended £591,000 to £749,000. Sir William Collins, chairman, indicates a small increase in the second half which will give a full year's profit higher than the £1,335,000 for 1970.

A second interim of 5 per cent. is declared making 7½ per cent. to date, as before. If profits for the year come up to expectations it is intended to recommend an increased final.

Group turnover 1971 1970 1970  
1970 1970 1970  
£m. £m. £m.  
Turnover 2,516 2,301 2,301  
Trading profit 591 591 591  
Depreciation 167 167 167  
Interest paid 38 38 38  
Assoc. company 64 64 64  
Profit before tax 749 749 749  
Group tax 277 277 277  
Associated co. tax 109 109 109  
£m. £m. £m.  
£445 223 1,172  
Share of profits

The record sales increase is due partly to non-recurring business in statutory and ready-reckoners. The increase was anticipated as a result of devaluation, but there were also big increases in most departments, reflecting increased volume as well as higher prices, says Sir William. Despite substantial cost increases and continuing inflation, it is estimated that margins have been held.

Due to the exceptional increase in the first six months and record autumn in 1970, it is unlikely there will be more than a small increase in sales for the second half. It is expected that another reasonable increase in profit was expected for the year 1971.

The interim dividend is maintained at 5 per cent. on capital increased by the January last one-for-seven rights issue. For 1970, when profits were £232,613, the final payment, on the enlarged capital, was also 5 per cent.

### comment

Collins has an impressive list of authors to its house, and that must have helped pricing flexibility when it came to the 1971 spring catalogue. But sales have not been in short supply either with six-month turnover rising a quarter, and the upshot for profits is a rise of 27 per cent. pre-tax. The current half faces a hefty increase in the wage bill and the growth in sales is apparently slowing. Assuming a nominal rise of say 5 per cent. in second half profits would mean a prospective p/e of 15 at 145p for the shares' re-rating could be at an end.

## Canning Town Glass upsurge

FROM A higher turnover of £2,887,449, against £2,148,131, first half pre-tax profit of the Canning Town Glass Works group has doubled to £105,511, compared with £52,263.

Mr. N. D. Howard and Mr. B. J. Howard have waived the dividend on a total of 420,515 Ordinary 20p shares.

Mr. N. D. Howard said that the company's fields which were outlined a year ago, says Mr. Howard.

Satisfactory progress was made by the underlayer section and turnover passed the £1m. mark.

The new factory at Nantwich opened to augment the Ashton production of dresses and suits, is operating satisfactorily and output is steadily increasing.

To provide a further substantial increase in outerwear a factory was opened in Conleth, which is producing satisfactorily and should make a worthwhile contribution in the future.

### comment

Howard has been recovering some of its lost market status this year with the shares shooting up



Mr. Ralph Ehrmann, chairman of Airfix Industries, the toys and plastic packaging group, talking to shareholders after yesterday's annual meeting in London. Mr. Ehrmann indicated that Airfix was unlikely to bid for any part of Lines Bros., which recently decided to go into voluntary liquidation.

## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corr. for year	Total for year	Total for last year
Albright & Wilson	2	Oct. 15	2	2	2
Ashe Chemical	10	Oct. 30	2	12	12
Blue Circle Aggr. (d) 2nd int	12	Oct. 21	2	14	14
British Electric Traction (b) 12½	12	Oct. 15	2	14	14
British Trimmings	12	Oct. 29	2	14	14
Canning Town Glass int. (b) 5	5	—	5	5	5
W. Collins & Sons 2nd int	5	—	5	5	5
Decca	16.17p	Dec. 10	6.25p	9.17p	9.17p
Charles Early	25	Nov. 26	4	29	29
East Asiatic Rubber	25	Oct. 27	20	40	32
Hattersley Holdings	15cts	Oct. 29	—	5cts	5cts
H. R. Howard	20	Oct. 1	12½	30	12½
Imperial Chemical	17½p	Nov. 8	6½p	13½p	13½p
Imry Property	20	Sept. 30	15	35	13
Kwalford	3½	Oct. 15	3½	7	7
H. & J. Quick	10	—	10	10	10
Thomas Robinson	10	Oct. 13	4	14	14
Sovereign Secs. 2nd int	4	Nov. 30	10	14	14
Stewart Plastics	9½	Oct. 14	9½	19	19

Equivalent after allowing for scrip issue. (a) Tax free. (b) On capital increased by rights for acquisition issues. (c) Final on increased capital. (d) Formerly Dunning and Son. Second interim in respect of 18 months—special 4 per cent. interim paid in January on old capital.

Members were told in June that another reasonable increase in profit was expected for the year 1971.

The interim dividend is maintained at 5 per cent. on capital increased by the January last one-for-seven rights issue. For 1970, when profits were £232,613, the final payment, on the enlarged capital, was also 5 per cent.

Assuming the absence of any detrimental factors beyond their control looks forward to producing expanding growth in earnings and further substantial uplift in net asset value during the next few years.

As reported on July 30, pre-tax profits for the year to May 31, 1971, went up from £201,557 to £225,690 and the dividend is raised 5 per cent. to 40 per cent.

Last year, a "useful" start was made in commercial and industrial development. A professional valuation carried out at May 31, 1971, gave rise to a surplus of over £500,000, which has been credited to capital reserves.

The Board sees this activity as a continuing process which should bring considerable strength to the group. At present there are further new developments in progress at a figure in the region of £2m. total cost, which should produce together with existing properties, properties at valuation of some £4m. in the balance-sheet by 1973.

Meeting, Winchester House, October 1, at noon.

## 15% again by Stewart Plastics

A FINAL dividend of 8½ per cent. by Stewart Plastics is expected to maintain the total at 15 per cent. for the year to April 30, 1971.

On an increased turnover of £1,950,745 (£1,778,214) pre-tax profit was £324,019 compared with £234,092. When reporting first half profit up from £148,733 to £151,806 the directors stated that although costs were increasing, sales continued to rise at a steady rate and they were confident that the final result would be satisfactory.

After a lower tax charge the year's net profit is up from £178,918 to £158,022 to which is added exceptional credits of £54,466 (nil).

1971 1970 1969-70  
£m. £m. £m.  
Turnover 1,950 1,778 1,778  
Profit 324 234 234  
Taxation 127 107 107  
Net profit after tax 151 127 127  
Exceptional credits 54 54 54  
Making 205 181 181  
Dividends 178 178 178  
Retained 27 3 3

### comment

Until now Stewart has maintained a very steady profit record, with growth over the previous two years reaching 28 per cent. pre-tax. Thus the latest performance disappoints. Annual profits are 3 per cent. lower but the real trouble lies with the second half trend. Trading November to April has taken the pre-tax return 7 per cent. into reverse, and on maintained sales growth that means margins have not stood up to cost pressures. Just what the pending accounts will have to say on this score will decide the fate of a 10 p/e at 66p, though there is some leeway in a normally taxed multiple of 9½ and support from April 1970 net worth of 77p.

## Galliford profit rise forecast

A FURTHER substantial profit increase in the current year should be seen by Galliford, Estates, says the chairman, Mr. J. Donaldson. Turnover for the year should increase to more than £1m. and the improved profit margin at least maintained.

The Board views the future with some considerable confidence and

## ISSUE NEWS

## Slater Walker dual package

Slater Walker announces that by Merrill Lynch, Pierce, Fenner and Smith and Lehman Brothers underwriting has been completed for an offer for subscription for Slater Walker Investment Trust. The issued capital will consist of 5m. Ordinary 50p shares to be issued at £1 each and £10m. 8½ per cent. Partly Convertible Unsecured Loan stock, 1981, to be issued at par.

Slater Walker, its associates and SWIT's directors will be making firm application for 1,250m. Ordinary shares and £3,250m. Loan stock and other leading institutions will be making firm applications for 5m. shares and £3,250m. Loan stock. These applications will be allotted in full.

The balance of 4,370m. shares and 3,250m. of Loan stock will be offered to the public for subscription.

Slater Walker Investments has been appointed as investment manager to SWIT. The Board intends to invest principally in companies whose underlying asset values are in excess of their quoted market price, and where medium and long term appreciation can be foreseen as a result of takeovers, mergers or internal reorganisations. Not more than 15 per cent. of the company's portfolio can be invested in securities of any one company. The directors do not propose to invest more than 10 per cent. of the funds in unquoted securities. Brokers are Joseph Sebag and Co. The prospectus will be published next Monday.

GILLET BROTHERS Gillet Brothers Discount Company announces that a total of 149 valid applications were received for a total of £1,351,800 stock in response to the offer to holders of £750,000 10 per cent. Subordinated Unsecured Loan stock, 1991, 1998, carrying subscriptions for Ordinary shares at par.

The basis of allotment is: up to £100,000 stock, in full; between £100,000 and £200,000 stock, 50 per cent.; and over £200,000, 36 per cent.

Allotment letters and returned cheques will be posted to-morrow and dealings are expected to start on Monday.

Brokers to the issue are Hoare and Co. Govett.

## PENNSYLVANIA MORTGAGE

The 300,000 Units of First Pennsylvania Mortgage Trust have not been sold. The issue consisted of \$30m. 8½ per cent. Convertible Subordinated Debentures due September 1, 1991, with 540,000 Series B Warrants to Purchase 270,000 shares of Beneficial Interest. The underwriting group was headed

## Lloyd's Life Assurance

Application lists open on Friday, September 3 for the issue of Lloyd's Life Assurance of 1991. Ordinary £1 shares at par. £1 each. The company has been directed to Trustees of Lloyd's Life Assurance Trust Funds, in the capacity as such, and Lloyd's Life Registration Limited.

The company, which was incorporated on June 30, 1971, is immediately applying to Department of Trade and Industry for authority to carry on the business of life assurance. It is therefore expected that the company will begin to write life assurance business early in 1972.

It is the intention of the company to provide a comprehensive service for all forms of life insurance and other long-term business.

YORK WATERWORKS The York Waterworks Company announces that in respect of the offer for sale by tender of £500,000 10 per cent. Redeemable Preference stock, 1978, the total amount of stock applied for was £1,908,900. The lowest price received in the public subscription was £108.25, and the average price was £108.37419. Brokers to the issue were Seymour, Pierce and Co.

PEUREULA Peureula Investments is intending to make a scrip issue of 13m. Ordinary 5p shares, not a rights issue as stated in yesterday's paper.

## OTHER ISSUE NEWS

Paul T. Jackson in Bids and Deals

AUTM PUBLIC RELATIONS The Association of Unit Trust Managers announces that it has appointed Burson-Marsteller as its public relations consultants as from September 1, 1971.

The main object of the appointment is to develop communications and, in part, an educational programme which will lead to a greater awareness and understanding of the general public of the concept and merits of unit trusts.

## Recovery by Thos. Robinson

ENGINEERS and machine makers Thomas Robinson and Son reports a sharp turnaround from a loss of £2,891 to a group profit of £144,399 in the six months ended June 30, 1971.

An unchanged interim dividend of 4 pence is declared for 1970 was 16 per cent. from profits of £168,608.

The Board sees this activity as a continuing process which should bring considerable strength to the group. At present there are further new developments in progress at a figure in the region of £2m. total cost, which should produce together with existing properties, properties at valuation of some £4m. in the balance-sheet by 1973.

Subsidiary S. S. Stott turned in a profit before tax of £12,553. This and £80,442 (£21,912) is retained.

## Same 13% by Imry

An unchanged final dividend of 7½ per cent. by Imry Property Holdings maintains the total dividend at 13 per cent. for the year to March 31, 1971.

Pre-tax profits improved from £321,889 to £339,129 after being down at £133,690 (£158,317) in the first six months of the year. The year's figure includes profits of its property dealing subsidiary, £26,890 (£100 loss) and year will approximate to the pre-1969 years.

Tax charge is £132,404 (£153,905) and £80,442 (£21,912) is retained.

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Western American Bank (Europe) Ltd. has been established by Hambros Bank, London, National Bank of Detroit, Security Pacific National Bank of Los Angeles and Wells Fargo Bank, San Francisco.

**INTERIM STATEMENT**  
**ICI Half Year's Results**  
The Board of Directors of Imperial Chemical Industries Limited, announce the following unaudited figures of the trading results of the Group for the first half of 1971 with comparative figures for 1970.

1970		1971		1971	
First Half	Year	First Half	Year	First Half	Year
£ millions	£ millions	£ millions	£ millions	£ millions	£ millions
720	1462	720	1462	720	1462
GROUP SALES TO EXTERNAL CUSTOMERS					
77	134	77	134	77	134
GROUP PROFIT BEFORE TAXATION AND INVESTMENT GRANTS					
55	114	55	114	55	114
after charging Depreciation					
24	35	24	35	24	35
Less: TAXATION (after deducting proportion of Investment Grants)					
53	99	53	99	53	99
GROUP PROFIT AFTER TAXATION					
5	10	5	10	5	10
Less: Applicable to Minority Stockholders of Subsidiaries					
48	89	48	89	48	89
GROUP PROFIT AFTER TAXATION APPLICABLE TO IMPERIAL CHEMICAL INDUSTRIES LIMITED					

In accordance with previous practice, neither the profits of the Carrington-Viyella Group nor ICI's share of the undistributed profits of associated companies have been consolidated.

Atlas Chemicals Incorporated did not become a subsidiary until 30th June 1971, hence its results have not been included in these figures.

Group sales for the first half of 1971 consisted of £360 million in home markets (1970 £347 million) and £407 million overseas (1970 £373 million). Exports from the United Kingdom amounted to £138 million (1970 £129 million).

There has been some recovery in the Group's profit margins in the United Kingdom in the first half of 1971 compared with the second half of 1970, but rising costs and difficult trading conditions in certain areas of the Group's operations are the major factors limiting profit improvements.

The charge for taxation in the first half of 1971 consists of £18 million of Corporation Tax and £10 million of Overseas Tax, less a credit for Investment Grants of £3 million. Corporation Tax has been provided at the rate of 40% in 1971 compared with 45% in the first half of 1970. The charge for taxation for 1971 has been reduced by one-half of the overprovision of £2 million for 1970 which results from the reduction in the rate of Corporation Tax to 40% from 1st April 1970.

The trading results for the first nine months of 1971 will be announced on 25th November 1971.

The Board have declared an interim dividend of 64 pence (six and one quarter pence) per £1 unit of Ordinary Stock of the Company (less income tax at the United Kingdom standard rate for 1971/72) in respect of the year ending 31st December 1971. This is the same rate as the interim dividend declared in respect of the year ended 31st December 1970.

The dividend now declared will be payable on 8th November 1971 to members on the Register on 20th September 1971 by which date transfers must be lodged.



# MINING NEWS

## Selection Trust seeks Agnew answers

BY KENNETH MARSTON

LATEST drilling of the Selection Trust has shown some promising results. The Trust, which is a subsidiary of the Anglo-American Corporation, is seeking answers from Agnew regarding the results of its drilling operations.

The Selection Trust has been drilling for some time now. The results of its drilling operations have been mixed. The Trust is seeking answers from Agnew regarding the results of its drilling operations.

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# Blue Circle Aggregates

Blue Circle Aggregates, a subsidiary of Associated Portland Cement Manufacturers, is paying a second interim dividend of 4 per cent for the 18-month period ending December 31, 1971.

The group was formed by the merger last December of Dunnington and Son, and Blue Circle Aggregates, a subsidiary of APCM. A special interim of 4 per cent was paid in January on the old capital.

Group profit, before tax, for the six months ended June 30, 1971, amounted to £187,689, from a turnover of £3,343,696.

Surplus, for the six months ended December 31, 1970, was £171,053, before tax of £13,000. The special interim absorbs £16,862.

Cost of the merger with Willington Sand and Gravel Company, amounting to some £55,000, will be charged against group reserves.

Directors state that aggregate sales fell short of the forecast of 2,500,000 tons by 354,000 tons. This they explain is symptomatic of trading conditions in the West Midlands where the group has been faced with probably the worst recession experienced since the end of the last war.

Nevertheless material progress has been made with integration of the two groups and by a combination of administrative efficiency and concentration of production, more reasonable gross margins have been established.

The re-organisation effected leaves the group equipped to meet "not only the requirements of today, but a highly competitive West Midlands market but also to match the needs of tomorrow," they declare.

PR-TAX PROFITS OF £98,515, against a loss of £18,552, are reported by Charles Early and Marriott (Whitney) for the half-year to July 31, 1971, and the Board says the encouraging trend is continuing. Tax takes £40,000 (nil).

The interim dividend is held at 4 per cent. Previous total was 12 1/2 per cent paid from pre-tax profits of £172,214.

The company makes Whitney blankets.

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## How to get your share of takeover profits

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Investors Chronicle the moneymaker

## UDS comes back for Henry

JUST 24 hours after Great United Stores entered the bid of the equity, Henry is now faced with the question of whether to accept the bid or not. The bid is for 100% of the company, and the price is £1.50 per share. Henry is now faced with the question of whether to accept the bid or not.

## GLYNWED LIFTS TWYFORDS BID

GLYNWED has come back with an increased offer for Twyford Holdings. The bid is now £1.50 per share, up from £1.25. Twyford Holdings is now faced with the question of whether to accept the bid or not.

## The Commercial Bank of Australia Limited

(Incorporated in Victoria under the "Companies Act, 1880") and its Subsidiaries

BOARD OF DIRECTORS: T. L. Webb (Chairman), S. M. Kington (Deputy Chairman), H. F. Clarke, F. S. Anderson, C. E. J. S. Balderstone, K. O. Humphreys, S. G. G. Macindoe, D. W. Stride (Managing Director), K. W. P. Marshall (General Manager)

### Consolidated Balance Sheet as at 30th June, 1971.

(Expressed in Australian Currency)

LIABILITIES	\$	ASSETS	\$
Authorised Capital - 300,000 Preference Shares of £20 each	6,000,000	Coin, Bullion, Notes and Cash at Bankers	32,995,183
44,000,000 Ordinary Shares of £1 each	44,000,000	Money at Short Call Overseas	1,345,584
	50,000,000	Australian Public Securities - (a) Commonwealth and State - 5,480,000	
Issued and Fully Paid Capital - 211,735 Preference Stock Units of £20	4,234,700	(b) Other Securities - 116,000,672	
20,166,862 Ordinary Stock Units of £1 per unit	20,166,862	(c) Loans to and from Semi-Governmental Authorities - 9,300,804	
	24,421,562	(d) Listed on Stock Exchanges - 24,223,335	
Reserve Funds, including Share Premium Account, £11,570,000 (1970 - £12,870,000) and Fixed Asset Reserve of a Subsidiary Company, \$997,174 (1970 - \$997,000) (used in the business of the Group)	25,556,774	Other Public Securities - 7,042,050	
Final Dividends proposed payable September, 1971	1,295,912	Other Securities - 3,300,000	
Balance of Profit and Loss Account	2,819,599	Loans to and from Banks and Finance Companies - 52,732,000	
	53,256,824	Term Loan Fund and Farm Development Loan - 3,067,000	
Total Stockholders' Funds	2,180,988	Loans and Advances and Bills Discounted (after deducting provisions for doubtful debts) - 617,821,165	
Provision for unexpired Insurance Risks and Premiums paid in advance by a Subsidiary Company	2,180,988	Amounts due to and from other companies (including intercompany balances) - 180,292,194	
Balances due to Other Banks (including Interbank Euro-Currency Transactions in London)	91,754,562	Loans, Leasing, Development Projects and other contracts entered into by Subsidiary Companies (after deducting charges yet to mature (\$27,540,360) and provisions for (losses) - 25,010,251	
Borrowings by Subsidiary Companies - (a) Debentures and Debentures second ranking - 130,373,633		Bills Receivable and Remittances in Transit - 58,851,833	
(b) Unsecured Fixed Deposits - 22,758,258		Other Assets (including Acceptances of Customers - \$1,345,584)	63,066,877
Deposits, Bills Payable and all other Liabilities, including Bank Acceptances and Provisions for Contingencies	1,048,519,729		
Minority interest of outside Preference Shareholders in a Subsidiary Company	2,000,000		
Contingent Liabilities on Letters of Credit, Guarantees and Other Engagements (excluding £225,804 being Income Tax Assessment applicable to Subsidiary Company deferred pending hearing of appeal)	75,529,391		
(Subsidiary Company has contracts for capital expenditure not completed of \$809,530)			
	81,427,048,080		81,427,048,080

### Consolidated Profit and Loss Account for the Year ended 30th June, 1971.

(Expressed in Australian Currency)

	\$		\$
To Expenses (including Directors' Fees \$49,561, 1970, \$57,850)	57,850,137	By Discount and Interest earned, net exchange commissions and other items (including profits on sale of Capital Assets by Subsidiary Company), after deducting interest paid and accrued on deposits (including \$10,225,578 in respect of interest on Debenture Stock and Unsecured Fixed Deposits of Subsidiary Company), rebates on bills current at balance date and transfers to the credit of Contingencies Accounts (out of which accounts provisions for all bad and doubtful debts have been made)	66,690,013
To Income, Land and Other Taxes	5,771,228		
To Balance, being Net Profit for the year carried down	4,760,347		
	68,381,712		
(In respect of Outside Preference Shareholders 135,000 C.B.A. Interests)	4,825,347		
	68,381,712		
To Transfer to Reserve Fund	556,500	By Balance brought forward from previous year	3,948,582
To Amounts written off Bank Premises	220,000	Net Profit for the year as above	4,760,347
To Dividends - Final, paid February, 1971	1,094,042		
To Interim, proposed payable September, 1971	1,295,912		
To Preference Dividends paid to Outside Shareholders of Subsidiary Company	135,000		
To Balance carried forward	4,760,347		
	8,801,759		8,801,759

Copies of the Final Accounts of the Bank and its Savings Bank Subsidiaries together with Consolidated Final Accounts of the Group, with Statutory Declarations by the Managing Director and Secretary, Directors' Certificates and Auditors' Reports thereon have been posted to each Stockholder.











# The Property Market

BY MICHAEL O'HALLORAN

## Retail and wholesale warehouses a planning farce

When does a warehouse become a shop? Legal theory can produce a definition, but the real planning situation is one of unmitigated chaos. For the discount warehouse company, it is a black comedy. For local authorities, it is a problem—albeit of their own making in most instances—without any obvious answer. For the public, it is a classical example of legislation gone mad.

Let us consider the case of a

typical discount warehouse which rents existing premises in order to display goods for sale to both retail and wholesale customers. As the prices are exactly the same, where can you draw the line? What, in planning terms, is the environmental difference? None that I can see. After all, a purely wholesale warehouse selling fast-moving consumer products can attract more visitors than a mixed warehouse which specialises in expensive products.

It is essential to have some official guidance on this question, for the coming years are certain to see a big increase in planning applications for the mixed warehouse operation. Retailers cannot afford to pay central rents for the bulk space needed for items such as furniture and carpets—warehouses provide an obvious solution, particularly as communications and parking are usually good. And what if an "industrial estate" does turn into a market by any other name? It only becomes

a needed decentralised shopping centre which does not transgress upon the green belt.

However, official planners just do not know what to make of this new breed of salesman who has proliferated since the abolition of price maintenance. Wholesale operations are easy enough to judge upon, but the introduction of a retail element creates untold confusion. The experience to date of Queensway Warehouses—a Norwich-based discount company—is a planning classic.

After seeing the success of cash and carry warehouses in Leicester, the company decided to open a business without asking for any special planning permission. Because of the retail element, it has just received an eviction order. (Which it is fighting.) But in a major London borough, Queensway's planning application was returned with the comment that it was not necessary!

This contradiction exists throughout the country. Some councils are prepared to state categorically that no planning application is needed for an existing warehouse. Others turn a blind eye because they are scared of making any positive decision. The third sector opposes the idea on planning grounds which are at best hazy. In short, one of the most exciting growth businesses of today—and one with a very important property potential—is being stifled for the lack of official direction.

The next important decision to watch concerns a planning application to Gloucester County Council by Percy Bilton in respect of a major unit at the Moreton Vale estate. I hear that the council will be asked later this month to give its blessing for the introduction of a discount warehouse which has both retail and wholesale outlets. It certainly seems to be an ideal site, situated on the A419 close to the M5, and with as much as 15 acres of parking space available. Indeed, it could even be a ready-made discount shopping centre.

On the basis that a purely wholesale operation could not be challenged, I fail to see why a retail section—whatever its size—could have any planning relevance. If Gloucester follows this line of thought, I hope that it will state its conclusions at some length and thereby set some kind of precedent for others to follow. If it disagrees, the time may well have come for the property world to take some type of concerted action. The present farce has gone on for too long.

## Decentralised office deals

Details of two important office projects close to London were revealed this week. First, an ODP for 62,500 square feet in Meeting House Lane, Chatham, has been granted to Three Stars Properties. This is a speculative permit and, as there will be virtually no opposition in the town for at least three years, a tenant should not be hard to find. My information is that talks have already begun with several interested companies, and that the rent level might well be surprising.

Secondly, a 200,000 sq. ft. project in East Grinstead is at least getting under way. A new company, advised by Cyril Leonard and Co., has been formed to undertake the development, the original form of which is being completely revamped.

## OUT AND ABOUT

Three Stars is also in the news this week because of its Otterspool Way, Watford, industrial development. There was some shaking of heads when the company rushed in to buy the 2.3-acre site and 12,300 sq. ft. of existing space at the full asking price of £180,000, but that decision is now seen to be fully justified. The refurbished space has been let, there are negotiations in hand to dispose of the 30,500 sq. ft. of new accommodation at around 90p per sq. ft., and the whole package has been sold to the Robert Fleming Property Unit Trust on an 11-years purchase basis. Ailsop and Co. acted for the buyer.

Continuing its rapid expansion into industrial, Amalgamated Investment and Property has paid around £1m. for the Paces factory in Streatham Road, Mitcham—325,000 sq. ft. of existing space on 12½ acres of land. This looks to be a clever buy prior to auction, for over 250,000 sq. ft. of new space can be built, and the completed investment value must be well in excess of £5m.

Henry Butcher and Co. acted for the vendor.

Estates Property Investment has been granted full planning permission for the first phase of its £4m. estate immediately adjacent to the M53 Wirral Motorway at Birkenhead. Construction of this 164,000 sq. ft. phase is scheduled to start this autumn, with units ranging between 3,500 sq. ft. and 33,000 sq. ft. The first space should be ready for occupation early in 1972, and initial enquiries are encouraging. Donaldson and Sons are the letting agents.

On the office front, Wates has sold the head lease of Piercy House—the five-storey block in Copthall Avenue, E.C.2—for more than £2½m. The buyer was KFC—tenant since the building was completed in 1963. Jones Lang Wootton was the agent.

The same agents have been instructed by Trafalgar House to act jointly with existing agents in finding a tenant for the 80,000-square-foot Bank House, Birmingham. This 20-storey block was completed in 1970, and £2 per square foot is not a high asking rent for such a modern air-conditioned block in the centre of the city. However, the market in Birmingham is still far from settled, and the large precincts on the city fringes must rank as troublesome competition.

## Bournemouth seafront development

By Our Own Correspondent

BOURNEMOUTH, Sept. 2. THE full scope of the cash proposals to be put to Bournemouth Council next week over its seafront development plans was revealed today.

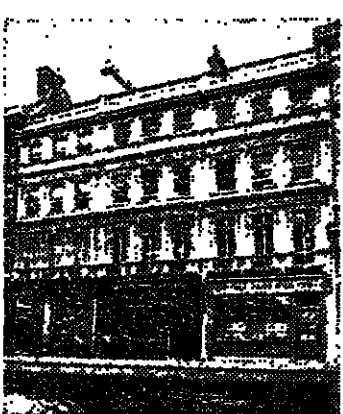
The Bournemouth International Group—which comprises eight English and three American concerns—is putting forward four main points. It suggests that the development would cost the ratepayers nothing and bring in ground rents—about £480,000 a year—to the council.

It also states that the council would have a substantial share of the equity and that the town would benefit by some £2m. a year in rates paid on the new complex. The development includes 10,000-seat convention centre with more than 100,000 square feet exhibition space, new hotels, small yacht harbour adjacent to Bournemouth pier and a 10-craft marina.

The proposals were revealed by the local architect for the Bournemouth group, Mr. Peter Green.

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By Our Own Choice  
THE Bournemouth Group—English and three certain points—is pursuing development would payers nothing ground rents—year to the council would have a share of the equity and in sales paid on the 10,000-seat convention exhibition space, a small yacht marina. The proposals were mouth group, Mr. Bournemouth, the being subsidised from the rates, is

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RIDGE  
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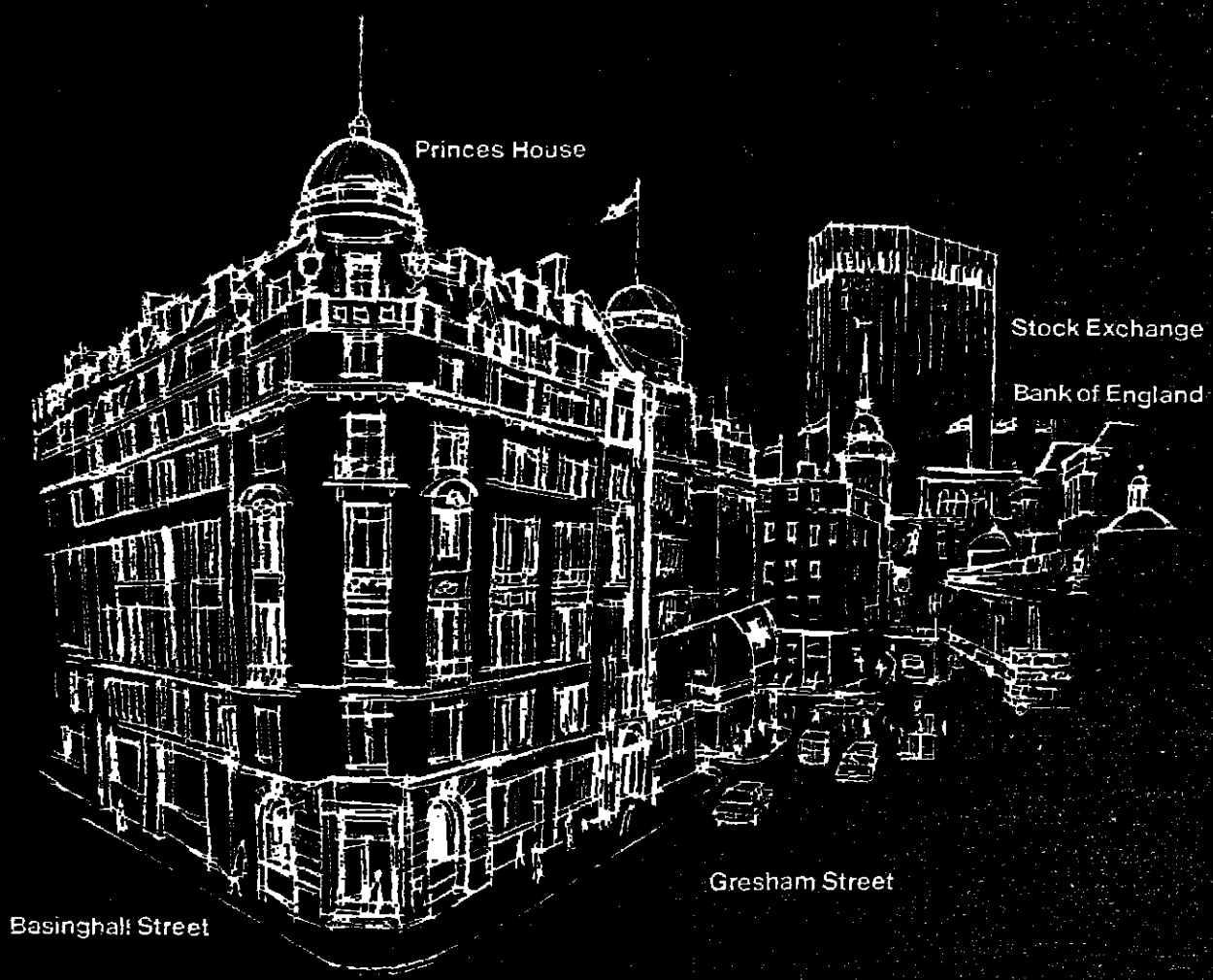
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Friday September 3, 1971

# Princes House

Gresham Street EC2



Banking Hall & Offices in prime City location

36,000 sq.ft. To be Let



**Weatherall Green & Smith**

22 Chancery Lane London WC2A1LT  
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Superb Modern  
Office Floor  
£2 per sq. ft.  
7,380 sq. ft.

Sole Agents:  
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Superb  
Showroom /  
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Building  
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sq. ft.

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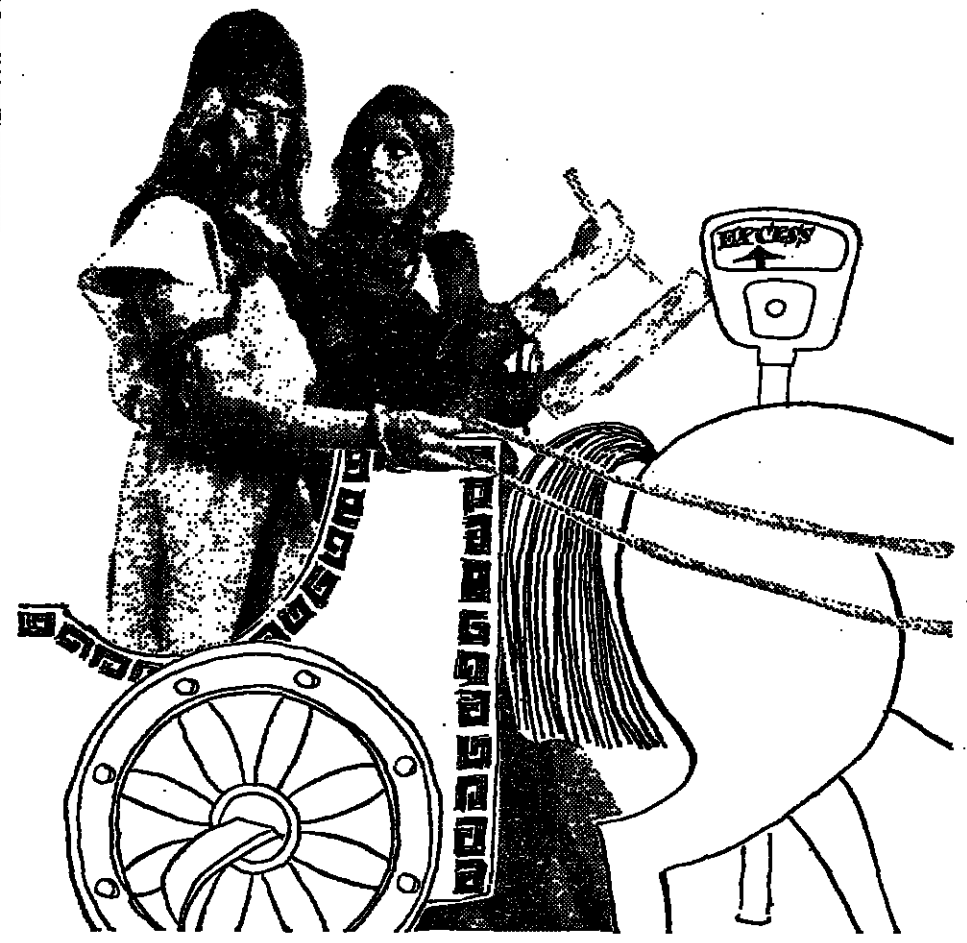
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**Classified  
Advertising  
in the  
INDUSTRIAL AND  
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David Baker 236 7577**

## The developing story of Salisbury Square...

TENANT NO. 3

The popularity of the chariot during Boudicca's time led to the building of the first multi-storey chariot park at Salisbury Square. Traffic jams and parking meters soon followed and lethal hub-caps were used to cut traffic wardens down to size...

Hammersons are now developing Fleet Bank House, a new office block in Salisbury Square, London, E.C.4. with a Queen-sized Chariot Pound.



THE HAMMERSON GROUP OF COMPANIES, 100 Park Lane, London, W.1Y 4AR. Tel: 01-629 9494

## CONRAD RITBLAT & COMPANY

**STROUD** (Gloucestershire)  
OFFICE ACCOMMODATION

Outline planning permission obtained for development in two stages, to a total of 50,000 sq. ft. of Superb Offices. All amenities.  
Easy access to Bristol and the Midlands.

TO LET

All enquiries to Ref. R.A.J.

MILNER HOUSE LONDON



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By Order of Trustees

## A Superior Investment Property IN MAYFAIR

Nos. 61/62 South Audley Street, London, W.1.

Comprising two Shops with Flats over. Currently producing £5,615 per annum.  
**WITH VALUABLE REVERSIONS TO INCREASED  
RENTALS DUE BETWEEN 1973 AND 1977**

Grosvenor Head lease 68 years unexpired. G.R. £240 p.a.

For sale by auction—8th October 1971 (unless previously sold privately)

Full details from the Auctioneers:

**JACKSON-STOPS & STAFF**

14 Curzon Street, London, W.1. Tel: 01-499 6291. Ref. E.W.S.

## Swindon

Office site

Planning permission for  
100,000 square feet gross (approx.)  
Adjacent to British Rail station  
Direct Inter-City train service to  
London—just over one hour  
Immediate availability  
Ideal for de-centralised offices

Enquiries invited from Principals  
or Retained Agents

Particulars from:  
Managing Director  
British-Rail-Property Board  
274-280 Bishopsgate  
London EC2M 4XQ



## LENNON & CO

44-48 LEADENHALL STREET LONDON EC3

## URGENTLY REQUIRED FOR CLIENTS

- 4,000-6,500 SQ. FT.
- WAREHOUSE/ANCILLARY OFFICES
- SUITABLE FOR DISTRIBUTION DEPOT
- WEST, SOUTH WEST OR NORTH WEST LONDON
- FREEHOLD OR LONG LEASEHOLD

01-709 9277

## MIDDLESEX

Sq. 52,000 Ft.

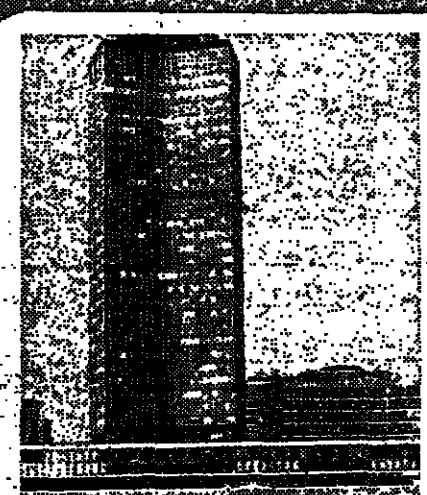
## NEW OFFICE DEVELOPMENT

To Let to Tenant able to support an O.D.P.

Detailed planning consent is already held by the developers.

Principals or retained Surveyors only apply Box 7.1412

Financial Times: 10, Cannon Street, EC4P 4BY.



## Millbank Tower S.W.1

An opportunity arises to acquire an entire upper floor of luxurious partitioned offices in this very important London building.  
The building is air conditioned and equipped with 12 automatic lifts.  
Car parking available.

area 8,105 sq ft (753<sup>2</sup><sub>m</sub>)

To be Let

18/25 ELDON ST.  
LONDON, E.C.2.  
Tel: 01-438 8001

**Chamberlain  
& Willows**

## BOROUGH OF BURY ST. EDMUNDS

## Town Centre Redevelopment

Site area 1.89 ha approx.  
(4.67 acres)

## TO LET

ON BUILDING LEASE

Interested developers (principals only) should apply by 17th September, 1971 for further details to:—

Consultants and Sole Agents



## Hillier Parker

May & Rowden

77 Grosvenor St. London W1A 2BT  
Telephone: 01-629 7666  
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TO LET

32000 SQ. FT.  
WAREHOUSE  
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LOFTY, GROUND FLOOR, HEATED  
SECURITY ARMED, EXCELLENT  
ACCESS FOR VEHICLES AND CONTAINERS.  
AVAILABLE NOVEMBER

3p PER SQ. FT. PER WEEK INCLUSIVE  
TEL: R. H. CUTMORE: METROSTORE LTD.  
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## Modernised Office Building TO BE LET

Chancery Lane, E.C.4  
Abt. 6,400 sq. ft.

Lift: Central Heating: Open Plan Floors

Rental £35,500 p.a. exc.

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WILLESDEN  
N.W.10.  
6,500 sq. ft.  
To Let  
Industrial Premises  
Immediate Occupation

MITCHAM  
Surrey.  
Single storey factory unit  
8,800 sq. ft. situated on  
established industrial  
estate. Good parking  
and loading facilities  
To Let. £6,750 p.a.  
exclusive.

LONDON, E.3.  
Factory & Warehouse  
with wharf and offices  
Total area of Buildings  
approx. 88,000 sq. ft.  
£185,000 Freehold.

HINCKLEY  
Leics.  
Ground floor factory  
with front office  
block. 11,000 sq. ft.  
To Let  
£4,750 p.a.  
exclusive.

## AN EXCELLENT SHOP UNIT

In a prime position  
Nos. 56-58, HOPE STREET and Nos. 5-9, THE ARCADE  
**WREXHAM, N. Wales**

A single Unit of  
Ground floor: 7,750 sq. ft. approx.; First floor: 7,450 sq. ft. approx.  
Frontage to Hope Street—55 ft.

FREEHOLD (except for Nos. 5-9 The Arcade)

VACANT POSSESSION on Completion

For SALE by AUCTION at the London Auction Mart  
On WEDNESDAY, 22nd SEPTEMBER, 1971 at 3.0 p.m.

Joint Auctioneers:

**JACKSON-STOPS & STAFF,**  
25-29 Nicholas Street, Chester. Tel.: 28361/4

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Tel.: 051 236 4484.

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Solicitors:  
**ELWYN JONES & COMPANY,** 123 High Street, Bangor, N. Wales. Tel: Bangor 2291.  
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WITHIN 5 MILES OF

## LONDON AIRPORT

3,700 sq ft

## NEW OFFICES

ALL ON ONE FLOOR

TO LET

Ref. PF



## HERRING DAW & MANNERS

23 St. James's Square, London SW1Y 4JL. 01-839 3486  
Offices at City of London, Croydon, Paris and Sydney























# F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of The Financial Times, The Institute of Actuaries and the Faculty of Actuaries in Edinburgh

مكائن الخرج

EQUITY GROUPS			Thursday, Sept. 2, 1971				Wed. Sept. 1	Tuesday August 31	Friday August 27	Thurs. August 26	Year ago (approx)	High and Low Index				
GROUPS & SUB-SECTIONS												1971		Since completion		
Figures in parentheses show sectional names show number of stocks			Index No.	Day's Change ±	With Avg Corporation Rate Div. yield ±	Ret. Price Ratio	Index No.	Index No.	Index No.	Index No.	Index No.	High	Low	High	Low	
CAPITAL GOODS GROUP (184)			187.47	+1.1	5.97	16.75	5.77	156.73	156.14	157.00	158.38	117.48	188.88	105.03	181.50	85.25
Aircraft and Components (3)			119.91	+2.9	6.86	14.53	6.20	116.57	118.04	116.93	117.79	96.37	119.91	66.40	120.12	65.25
Building Materials (20)			157.07	+0.8	4.97	20.11	3.59	156.19	155.35	157.68	159.40	97.37	159.00	98.50	167.98	85.25
Contracting and Construction (19)			240.25	+2.5	5.49	18.83	2.41	243.56	240.25	240.53	240.84	190.00	243.23	182.53	244.33	94.24
Electric (ex. Electr. Rad. & TV) (13)			278.43	+1.6	5.06	19.77	2.96	275.83	274.46	277.74	278.79	198.53	281.90	229.93	283.11	97.27
Engineering (80)			146.01	+0.9	6.54	18.38	3.27	144.65	145.26	146.08	147.87	115.39	149.28	102.56	160.95	85.25
Machine Tools (15)			85.48	—	7.40	15.62	6.18	86.47	86.18	86.29	86.34	55.94	86.34	43.55	135.70	43.55
Miscellaneous (25)			150.14	+0.8	7.77	12.97	4.43	149.50	150.08	149.95	150.65	111.65	150.65	94.19	147.57	85.25
CONSUMER GOODS (DURABLE) GROUP (56)			174.34	+1.3	5.08	19.87	2.98	172.07	173.08	174.26	174.79	130.60	175.30	117.33	197.87	79.75
Electronics, Radio and TV (14)			184.84	+0.6	4.48	18.96	2.37	183.90	184.09	186.06	186.63	144.66	187.11	128.54	199.86	85.25
Household Goods (16)			191.65	+1.6	6.21	16.36	3.44	188.90	189.76	189.77	192.36	124.41	192.36	118.99	199.36	85.25
Motors and Distributors (27)			118.91	+2.3	4.31	23.21	3.59	116.40	117.66	118.14	118.93	87.71	118.93	81.19	126.08	85.25
CONSUMER GOODS (NON-DURABLE) GROUP (175)			166.44	+1.6	5.42	18.46	3.66	163.58	163.94	164.34	165.08	115.52	166.34	118.17	166.24	83.25
Breweries (21)			156.06	+1.7	5.09	19.66	3.24	152.78	153.58	154.26	154.11	117.86	156.06	123.50	159.85	85.25
Wines and Spirits (7)			177.81	+3.5	5.86	17.05	3.93	174.00	174.83	176.03	176.16	140.21	176.03	143.41	198.06	111.65
Entertainment and Catering (18)			203.08	+1.4	7.08	14.19	3.82	200.34	200.06	199.63	200.91	168.02	214.71	177.99	177.70	85.25
Food Manufacturing (24)			145.81	+1.1	5.47	18.27	3.72	144.37	144.95	145.44	146.45	104.35	146.45	102.23	163.68	94.24
Food Retailing (17)			144.09	+2.1	5.39	18.55	3.50	141.17	141.70	142.28	143.83	98.66	144.09	100.23	163.68	94.24
Newspapers and Publishing (15)			143.49	+0.5	5.97	16.76	4.90	142.71	142.68	143.65	143.73	106.50	143.73	101.66	166.96	85.25
Packaging and Paper (18)			128.03	+1.3	6.45	15.55	4.58	126.59	126.44	126.99	127.82	102.18	128.03	101.66	166.96	85.25
Stores (30)			128.09	+1.9	4.30	23.24	3.90	126.25	125.22	125.28	126.68	100.93	126.68	104.48	160.64	78.25
Textiles (21)			176.56	+1.5	5.53	18.05	6.06	176.00	175.14	176.97	177.93	129.41	176.97	151.81	255.72	89.25
Tobacco (3)			233.00	+1.9	9.17	10.90	5.50	233.59	234.44	235.57	235.77	199.69	235.77	200.00	235.77	85.25
Toys and Games (6)			46.23	+0.6	0.88	115.90	3.23	45.95	46.02	46.05	46.36	81.03	46.36	45.03	135.72	46.36
OTHER GROUPS																
Chemicals (19)			183.69	+1.1	4.18	19.32	5.36	181.48	181.50	182.28	183.38	137.44	183.38	158.19	201.92	85.25
Office Equipment (10)			187.52	+0.5	3.54	28.26	1.52	186.58	186.71	188.03	189.33	135.39	189.33	153.52	212.05	104.24
Shipping (10)			332.95	+1.5	7.27	13.75	6.07	319.24	324.17	326.14	325.33	218.67	326.14	266.76	355.44	90.25
Miscellaneous (unclassified) (44)			186.45	+0.9	5.65	17.71	3.65	186.71	186.53	187.01	187.04	128.88	187.04	160.64	212.05	85.25
INDUSTRIAL GROUP (498 SHARES)			171.59	+1.3	5.45	18.35	3.53	169.26	169.61	170.58	171.18	—	171.59	120.61	171.52	104.24
Oil (2)			333.64	+0.4	6.07	15.48	3.75	332.90	335.92	340.11	339.56	268.62	340.11	308.74	431.66	87.25
500 SHARE INDEX			185.36	+1.2	6.54	18.04	3.56	185.16	185.79	184.85	185.50	135.12	187.27	132.45	193.73	94.24
FINANCIAL GROUP (121)			173.19	+0.5	—	—	2.77	172.58	173.03	175.51	175.21	110.18	175.51	118.73	178.93	95.25
Banks (6)			182.56	+1.0	7.56	13.35	2.78	184.40	183.16	186.80	189.81	99.87	189.81	101.55	189.94	60.25
Discount Houses (6)			179.04	+1.3	—	—	4.31	176.70	179.41	180.77	180.77	118.76	180.77	130.78	180.77	87.25
Hire Purchase (6)			282.40	+2.8	4.43	22.55	2.71	274.63	275.72	277.87	277.89	176.87	282.40	164.00	288.71	104.24
Insurance (Life) (9)			163.98	—	—	—	2.81	153.98	155.05	156.88	157.88	113.53	157.88	123.16	159.83	81.25
Insurance (Composite) (9)			132.66	—	—	—	3.86	132.65	132.67	134.78	135.63	80.69	135.63	101.66	166.96	85.25
Insurance (Brokers) (11)			169.13	+0.1	5.24	19.08	2.67	169.01	169.26	169.04	168.61	101.44	170.08	118.37	174.06	85.25
Investment Trusts (20)			198.87	+1.0	2.86	34.94	2.67	196.62	197.79	198.50	199.98	145.79	199.98	175.16	215.04	80.25
Merchant Banks, Issuing Houses (14)			172.48	+2.0	—	—	2.25	169.04	169.51	170.90	172.07	115.71	172.07	131.66	181.69	85.25
Property (31)			218.97	+0.7	3.79	36.83	2.83	217.37	219.11	220.48	222.96	140.78	222.96	139.37	228.72	85.25
Miscellaneous (9)			170.95	+0.1	6.96	16.77	4.35	170.79	170.97	172.01	174.20	—	174.20	130.73	179.01	104.24
ALL SHARE INDEX (621 SHARES)			182.81	+1.0	—	—	3.38	180.42	181.01	182.36	182.84	188.59	183.66	129.47	183.66	85.25



## ENGINEERING AND METAL-General-Contd. HOTELS AND CATERERS-Continued

1971		Stock	Price	Change	1971		Stock	Price	Change
High	Low				High	Low			
196	100	East River Station	2.91	-1	374	3	5.9	4	
99	100	East River Station	2.91	-1	374	3	5.9	4	
98	100	East River Station	2.91	-1	374	3	5.9	4	
97	100	East River Station	2.91	-1	374	3	5.9	4	
96	100	East River Station	2.91	-1	374	3	5.9	4	
95	100	East River Station	2.91	-1	374	3	5.9	4	
94	100	East River Station	2.91	-1	374	3	5.9	4	
93	100	East River Station	2.91	-1	374	3	5.9	4	
92	100	East River Station	2.91	-1	374	3	5.9	4	
91	100	East River Station	2.91	-1	374	3	5.9	4	
90	100	East River Station	2.91	-1	374	3	5.9	4	
89	100	East River Station	2.91	-1	374	3	5.9	4	
88	100	East River Station	2.91	-1	374	3	5.9	4	
87	100	East River Station	2.91	-1	374	3	5.9	4	
86	100	East River Station	2.91	-1	374	3	5.9	4	
85	100	East River Station	2.91	-1	374	3	5.9	4	
84	100	East River Station	2.91	-1	374	3	5.9	4	
83	100	East River Station	2.91	-1	374	3	5.9	4	
82	100	East River Station	2.91	-1	374	3	5.9	4	
81	100	East River Station	2.91	-1	374	3	5.9	4	
80	100	East River Station	2.91	-1	374	3	5.9	4	
79	100	East River Station	2.91	-1	374	3	5.9	4	
78	100	East River Station	2.91	-1	374	3	5.9	4	
77	100	East River Station	2.91	-1	374	3	5.9	4	
76	100	East River Station	2.91	-1	374	3	5.9	4	
75	100	East River Station	2.91	-1	374	3	5.9	4	
74	100	East River Station	2.91	-1	374	3	5.9	4	
73	100	East River Station	2.91	-1	374	3	5.9	4	
72	100	East River Station	2.91	-1	374	3	5.9	4	
71	100	East River Station	2.91	-1	374	3	5.9	4	
70	100	East River Station	2.91	-1	374	3	5.9	4	
69	100	East River Station	2.91	-1	374	3	5.9	4	
68	100	East River Station	2.91	-1	374	3	5.9	4	
67	100	East River Station	2.91	-1	374	3	5.9	4	
66	100	East River Station	2.91	-1	374	3	5.9	4	
65	100	East River Station	2.91	-1	374	3	5.9	4	
64	100	East River Station	2.91	-1	374	3	5.9	4	
63	100	East River Station	2.91	-1	374	3	5.9	4	
62	100	East River Station	2.91	-1	374	3	5.9	4	
61	100	East River Station	2.91	-1	374	3	5.9	4	
60	100	East River Station	2.91	-1	374	3	5.9	4	
59	100	East River Station	2.91	-1	374	3	5.9	4	
58	100	East River Station	2.91	-1	374	3	5.9	4	
57	100	East River Station	2.91	-1	374	3	5.9	4	
56	100	East River Station	2.91	-1	374	3	5.9	4	
55	100	East River Station	2.91	-1	374	3	5.9	4	
54	100	East River Station	2.91	-1	374	3	5.9	4	
53	100	East River Station	2.91	-1	374	3	5.9	4	
52	100	East River Station	2.91	-1	374	3	5.9	4	
51	100	East River Station	2.91	-1	374	3	5.9	4	
50	100	East River Station	2.91	-1	374	3	5.9	4	
49	100	East River Station	2.91	-1	374	3	5.9	4	
48	100	East River Station	2.91	-1	374	3	5.9	4	
47	100	East River Station	2.91	-1	374	3	5.9	4	
46	100	East River Station	2.91	-1	374	3	5.9	4	
45	100	East River Station	2.91	-1	374	3	5.9	4	
44	100	East River Station	2.91	-1	374	3	5.9	4	
43	100	East River Station	2.91	-1	374	3	5.9	4	
42	100	East River Station	2.91	-1	374	3	5.9	4	
41	100	East River Station	2.91	-1	374	3	5.9	4	
40	100	East River Station	2.91	-1	374	3	5.9	4	
39	100	East River Station	2.91	-1	374	3	5.9	4	
38	100	East River Station	2.91	-1	374	3	5.9	4	
37	100	East River Station	2.91	-1	374	3	5.9	4	
36	100	East River Station	2.91	-1	374	3	5.9	4	
35	100	East River Station	2.91	-1	374	3	5.9	4	
34	100	East River Station	2.91	-1	374	3	5.9	4	
33	100	East River Station	2.91	-1	374	3	5.9	4	
32	100	East River Station	2.91	-1	374	3	5.9	4	
31	100	East River Station	2.91	-1	374	3	5.9	4	
30	100	East River Station	2.91	-1	374	3	5.9	4	
29	100	East River Station	2.91	-1	374	3	5.9	4	
28	100	East River Station	2.91	-1	374	3	5.9	4	
27	100	East River Station	2.91	-1	374	3	5.9	4	
26	100	East River Station	2.91	-1	374	3	5.9	4	
25	100	East River Station	2.91	-1	374	3	5.9	4	
24	100	East River Station	2.91	-1	374	3	5.9	4	
23	100	East River Station	2.91	-1	374	3	5.9	4	
22	100	East River Station	2.91	-1	374	3	5.9	4	
21	100	East River Station	2.91	-1	374	3	5.9	4	
20	100	East River Station	2.91	-1	374	3	5.9	4	
19	100	East River Station	2.91	-1	374	3	5.9	4	
18	100	East River Station	2.91	-1	374	3	5.9	4	
17	100	East River Station	2.91	-1	374	3	5.9	4	
16	100	East River Station	2.91	-1	374	3	5.9	4	
15	100	East River Station	2.91	-1	374	3	5.9	4	
14	100	East River Station	2.91	-1	374	3	5.9	4	
13	100	East River Station	2.91	-1	374	3	5.9	4	
12	100	East River Station	2.91	-1	374	3	5.9	4	
11	100	East River Station	2.91	-1	374	3	5.9	4	
10	100	East River Station	2.91	-1	374	3	5.9	4	
9	100	East River Station	2.91	-1	374	3	5.9	4	
8	100	East River Station	2.91	-1	374	3	5.9	4	
7	100	East River Station	2.91	-1	374	3	5.9	4	
6	100	East River Station	2.91	-1	374	3	5.9	4	
5	100	East River Station	2.91	-1	374	3	5.9	4	
4	100	East River Station	2.91	-1	374	3	5.9	4	
3	100	East River Station	2.91	-1	374	3	5.9	4	
2	100	East River Station	2.91	-1	374	3	5.9	4	
1	100	East River Station	2.91	-1	374	3	5.9	4	
0	100	East River Station	2.91	-1	374	3	5.9	4	

1971		Stock	Price	Change	1971		Stock	Price	Change
High	Low				High	Low			
196	100	East River Station	2.91	-1	374	3	5.9	4	
99	100	East River Station	2.91	-1	374	3	5.9	4	
98	100	East River Station	2.91	-1	374	3	5.9	4	
97	100	East River Station	2.91	-1	374	3	5.9	4	
96	100	East River Station	2.91	-1	374	3	5.9	4	
95	100	East River Station	2.91	-1	374	3	5.9	4	
94	100	East River Station	2.91	-1	374	3	5.9	4	
93	100	East River Station	2.91	-1	374	3	5.9	4	
92	100	East River Station	2.91	-1	374	3	5.9	4	
91	100	East River Station	2.91	-1	374	3	5.9	4	
90	100	East River Station	2.91	-1	374	3	5.9	4	
89	100	East River Station	2.91	-1	374	3	5.9	4	
88	100	East River Station	2.91	-1	374	3	5.9	4	
87	100	East River Station	2.91	-1	374	3	5.9	4	
86	100	East River Station	2.91	-1	374	3	5.9	4	
85	100	East River Station	2.91	-1	374	3	5.9	4	
84	100	East River Station	2.91	-1	374	3	5.9	4	
83	100	East River Station	2.91	-1	374	3	5.9	4	
82	100	East River Station	2.91	-1	374	3	5.9	4	
81	100	East River Station	2.91	-1	374	3	5.9	4	
80	100	East River Station	2.91	-1	374	3	5.9	4	
79	100	East River Station	2.91	-1	374	3	5.9	4	
78	100	East River Station	2.91	-1	374	3	5.9	4	
77	100	East River Station	2.91	-1	374	3	5.9	4	
76	100	East River Station	2.91	-1	374	3	5.9	4	
75	100	East River Station	2.91	-1	374	3	5.9	4	
74	100	East River Station	2.91	-1	374	3	5.9	4	
73	100	East River Station	2.91	-1	374	3	5.9	4	
72	100	East River Station	2.91	-1	374	3	5.9	4	
71	100	East River Station	2.91	-1	374	3	5.9	4	
70	100	East River Station	2.91	-1	374	3	5.9	4	
69	100	East River Station	2.91	-1	374	3	5.9	4	
68	100	East River Station	2.91	-1	374	3	5.9	4	
67	100	East River Station	2.91	-1	374	3	5.9	4	
66	100	East River Station	2.91	-1	374	3	5.9	4	
65	100	East River Station	2.91	-1	374	3	5.9	4	
64	100	East River Station	2.91	-1	374	3	5.9	4	
63	100	East River Station	2.91	-1	374	3	5.9	4	
62	100	East River Station	2.91	-1	374	3	5.9	4	
61	100	East River Station	2.91	-1	374	3	5.9	4	
60	100	East River Station	2.91	-1	374	3	5.9	4	
59	100	East River Station	2.91	-1	374	3	5.9	4	
58	100	East River Station	2.91	-1	374	3	5.9	4	
57	100	East River Station	2.91	-1	374	3	5.9	4	
56	100	East River Station	2.91	-1	374	3	5.9	4	
55	100	East River Station	2.91	-1	374	3	5.9	4	
54	100	East River Station	2.91	-1	374	3	5.9	4	
53	100	East River Station	2.91	-1	374	3	5.9	4	
52	100	East River Station	2.91	-1	374	3	5.9	4	
51	100	East River Station	2.91	-1	374	3	5.9	4	
50	100	East River Station	2.91	-1	374	3	5.9	4	
49	100	East River Station	2.91	-1	374	3	5.9	4	
48	100	East River Station	2.91	-1	374	3	5.9	4	
47	100	East River Station	2.91	-1	374	3	5.9	4	
46	100	East River Station	2.91	-1	374	3	5.9	4	
45	100	East River Station	2.91	-1	374	3	5.9	4	
44	100	East River Station	2.91	-1	374	3	5.9	4	
43	100	East River Station	2.91	-1	374	3	5.9	4	
42	100	East River Station	2.91	-1	374	3	5.9	4	
41	100	East River Station	2.91	-1	374	3	5.9	4	
40	100	East River Station	2.91	-1	374	3	5.9	4	
39	100	East River Station	2.91	-1	374	3	5.9	4	
38	100	East River Station	2.91	-1	374	3	5.9	4	
37	100								

97	67	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000	1001	1002	1003	1004	1005	1006	1007	1008	1009	1010	1011	1012	1013	1014	1015	1016	1017	1018	1019	1020	1021	1022	1023	1024	1025	1026	1027	1028	1029	1030	1031	1032	1033	1034	1035	1036	1037	1038	1039	1040	1041	1042	1043	1044	1045	1046	1047	1048	1049	1050	1051	1052	1053	1054	1055	1056	1057	1058	1059	1060	1061	1062	1063	1064	1065	1066	1067	1068	1069	1070	1071	1072	1073	1074	1075	1076	1077	1078	1079	1080	1081	1082	1083	1084	1085	1086	1087	1088	1089	1090	1091	1092	1093	1094	1095	1096	1097	1098	1099	1100	1101	1102	1103	1104	1105	1106	1107	1108	1109	1110	1111	1112	1113	1114	1115	1116	1117	1118	1119	1120	1121	1122	1123	1124	1125	1126	1127	1128	1129	1130	1131	1132	1133	1134	1135	1136	1137	1138	1139	1140	1141	1142	1143	1144	1145	1146	1147	1148	1149	1150	1151	1152	1153	1154	1155	1156	1157	1158	1159	1160	1161	1162	1163	1164	1165	1166	1167	1168	1169	1170	1171	1172	1173	1174	1175	1176	1177	1178	1179	1180	1181	1182	1183	1184	1185	1186	1187	1188	1189	1190	1191	1192	1193	1194	1195	1196	1197	1198	1199	1200	1201	1202	1203	1204	1205	1206	1207	1208	1209	1210	1211	1212	1213	1214	1215	1216	1217	1218	1219	1220	1221	1222	1223	1224	1225	1226	1227	1228	1229	1230	1231	1232	1233	1234	1235	1236	1237	1238	1239	1240	1241	1242	1243	1244	1245	1246	1247	1248	1249	1250	1251	1252	1253	1254	1255	1256	1257	1258	1259	1260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Stock	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	96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## THE LEX COLUMN

## ICI's tussle with its margins

The low level of bargains yesterday—almost unchanged from Tuesday and Wednesday's level of just over 10,000—casts doubt on the quality of the index rise. This apart, the performance yesterday looked decidedly bullish. The point about the drop in Bank Rate is that its significance as a pointer to interest rates is progressively moving toward zero as the clearing banks move toward a prime rate system. Thus the mild enthusiasm generated in the market by the Bank move might have been turned to dust by disappointing figures from ICI. Disappointing figures were judged, so the performance of the index—up 5.2 pre-ICI, up 4.8 post-ICI, and up 5.9 at the close suggests unemotional buying.

The reason a pre-tax figure of 5.9m. in the second quarter against 5.4m. last year is disappointing is that the benefits of a series of price increases in the U.K. early in the year should have been much more strongly felt in the second quarter than in the first (when

profits were down £2m. to £40m. pre-tax). It is true that profit margins in the U.K. are credited as being better than in the second half of 1970, but it is clear that they are down on the comparable period—and to judge from the effective tax charge, well down.

This recalls the question how far ICI's profits are seasonally affected. Going back five or six years there is an apparently irrefutable pattern of lower profitability in the second half, albeit that the group's fortunes were in a down-trend more years than not during the period. Meanwhile there is no major area of the group's business where it is easy to predict a good second half upturn against 1970, unless it be fertilisers and DMI—about 22 per cent of sales between them. While the question of U.K. demand remains hazy, therefore, the best that can be predicted is a second half rise in earnings from £41m. to say £45m., making a year's earnings of £25m. of which £4m. or so from tax rate changes. On

earnings pro forma for Carrington Vignella and Atlas of 201p the prospective p/e of 16 would be at least better than the U.K. Actuaries average for the U.K.

**Decca** Decca's 1970-71 results may be depressing, with pre-tax profits down from £5.3m. to £3m., but they can hardly be called a surprise. Capitol's disasters in the U.S. record market, and their effect on EMI, have received ample coverage over the past year; and it seemed likely last January that Decca's capital goods side—electronics, navigation and radar—would make a loss. And that is the pattern with the consumer goods distribution down from £4.8m. to £3.27m. and capital goods £270,000 in the red against a £728,000 profit for 1969-70.

Recovery is the in-house message for the current year; and well it needs to be with earnings down from 14.5p to 8.9p a share and the p/e up to 18.6 with the "A" at 170p—half their 1970 "high." The

main thrust behind the recovery should come from the capital goods side, where Decca's recent policy may be described as product and market rationalisation—or more simply the end of an expensive crusade to get its navigational equipment taken up by the airlines in a big way. There is obvious further growth in colour TV, and Decca reckons that the last month has seen a change for the better in its U.S. record sales; higher consumer goods profits are in fact built into this year's budget. But it is unlikely, this year, that the market will act on indications of Boardroom optimism: last year the prediction was "consolidation" of the 1969-70 rise from £3m. to £5.4m. pre-tax.

**Albright** With £1.68m. pre-tax against £1.40m., Albright and Wilson's interim figures bear out the group's hopes that the bottom has been passed, but it is much too early to celebrate. There have been delays in modifying the precipitators at the Long Harbour phosphorus plant, and though both furnaces have now

gone back on stream, the capability for a much higher production rate from now on has yet to be established. Meanwhile, a rise in the overall loss of associates to a net £0.13m. to £0.18m.—still unconsolidated—implies that the Belvedere fertiliser operation in Canada remains deep in trouble. However, Albright has trimmed down its U.K. operations, it has a good demand for detergent chemicals and, of course, there is £17.5m. of Tenneco's cash on deposit which, apart from anything else, could mean a £250,000 second half investment profit after servicing the loan stock. That suggests a fair chance of doubling up for the year to £3.4m. pre-tax, making earnings around 2.5p a share. But a projected p/e of 11 at 25p is not obviously cheap, given the real risk of more setbacks at Long Harbour, while the upside potential is limited by Tenneco's option to convert the equity; it would require nearly four times the current level of net attributable profits

to double fully diluted earnings per share.

## Takeover talk

Yesterday's two main bids are likely to meet with different reactions. United Drapery's 82p for A & S. Henry, topping Gussies by 5p, ought to be recommended in the absence of another move from GUS; neither bidder's equity seems open to attack and it is hard to argue with a cash alternative of 80p from UDS against 74p from GUS. But GUS is still in the pole position if it wants to be, owning 27 per cent of the equity with its associates. Glywed, meanwhile, seemed to be testing the market by adding 10p of loan stock to its bid for Twyford, making 23p against the latter's price of 115p, up 2p last night. Twyford's will not like the scale or the currency of the increase; but unless the market moves in its favour—increasingly difficult, this, against a 1971 "low" of 38p—its case for continued independence might begin to look a bit thin.

With a **PLT** trailer behind there is **profit** ahead Wigan 43221

**Lombard**  
The need for a new economic policy

BY JOE ROGALY

HE WHO dares to insist that any particular "law" of economics is true is a brave man, particularly in these days when the traditional curve that allegedly depicts a lasting relationship between the level of unemployment and the rate of increases in wages has disappeared into the wild blue yonder. There is one particular law that I know to be right, with a conviction that is unassailable, since it derives from logic, experience.

## Mostly wrong

It is this: whatever any economic model says is going to happen to the economy over a period of years ahead is almost certain to be wrong and if it does turn out to be right it is a fluke. This has been undeniable over the past five years in America, during which the one safe bet to make about any economic forecast emanating from the official advisers to the U.S. Government has been that, whatever else happened, what was predicted would not. Experience on this side of the Atlantic has not been all that dissimilar.

This experience could conceivably be repeated as a result of the cut in Bank Rate which was decided upon for perfectly understandable international reasons (to keep out hot money from the sterling area) but which would alter the course of the domestic economy if it turned out to have a marked effect on confidence.

If general rates of interest follow the downward path to a greater extent than has been the case with previous cuts in Bank Rate, this should theoretically stimulate investment and encourage growth; by a happy accident for the Government this would contribute to its attempt to haul the economy out of the recession. The degree to which all this will render the National Institute's latest forecast even more inaccurate than it otherwise might have been is a matter for guesswork.

## Prices may rise

But what is not a matter for guesswork is that the Government's overall economic strategy to date has not been good enough. The cure in Bank Rate may help to bring down the rate of unemployment more quickly but the effect on prices may well be adverse; by extension there could be added pressure on wages and earnings. The National Institute's prognostication of a fall in the rate of increase of earnings from 14 per cent at the end of last year to under 12 per cent at the end of next with prices still climbing at 8 per cent next year thus seems now to be too optimistic—but even if it turned out by some accident to be correct the figures would still represent what in normal times would be called a crisis.

What is needed, more than ever now, is an incomes policy of the kind people could believe in. It has not been good enough in package form together with other direct measures, such as further assistance to the regions, it might have the same sort of restorative effect on confidence as Mr. Nixon's "new economic policy" did in the U.S. Yet, as subsequent experience on Wall Street has shown, the mere announcement of such a policy is not in itself sufficient to gain confidence—the actual policy must appear convincing.

## Incomes

The most difficult part to make convincing would be that relating to incomes. The American trade union leader, Mr. George Meany, appears intent on torpedoing Mr. Nixon's efforts to keep wage increases down and the same would undoubtedly happen here if the policy were not devised with trade union co-operation from the start. But that some kind of policy for prices and incomes is now needed is evident. Mr. Arthur Okun, a former chairman of the presidential Council of Economic Advisers, who is by no means a maverick economist, testified to the Joint Economic Committee Congress this week that U.S. earnings should not be allowed to increase by more than 5 per cent a year after the present freeze ends; price increases, he said, should be kept to even lower levels.

The difficulty with this kind of suggestion here is that our Government came to power on a policy that eschewed control over incomes. The answer is that so did Mr. Nixon. He has eaten his words; the hope must be that before long Mr. Heath will decide that such a diet is not really so unpalatable after all.

## More explosions injure Belfast office workers

BY ROY HODSON

FOUR explosions, involving an estimated half-cwt. of gelignite, hit Belfast's office district today, today the central area's busiest period. It was the worst daylight outrage so far. Cries of trapped and injured workers could be heard from the smoking office buildings. The life of the city was brought to a standstill.

Remarkably, only a handful of the 39 people hurt have serious injuries. The remainder are suffering from cuts and wounds from glass and falling masonry and, in the case of many passers-by near the explosions, from shock.



Mr. Brian Faulkner

**First blast** The first bomb to explode was planted inside the headquarters of the Ulster Unionist Party. Serious damage was caused and the blast blew in the windows of the newly completed Grand Metropolitan Hotel, £2.5m. Europa across the street.

Then a series of three more explosions ripped through a large office block called Bedford House and nearby buildings in which hundreds of staff were at work. The offices of several insurance companies were damaged, also the Ministry of Community Relations and the Arts Council Centre. Groups of girls inside the buildings were trapped and confused by dense smoke while rescue attempts got under way. Meanwhile the Army cordoned off the area in case of further explosions.

One theory is that each bomb was concealed in a car parked inside the office car parks. Following the explosions, a series of telephone calls were received in

the city warning that other bombs were about to go off. A number of offices and shops were evacuated but no more explosions occurred.

The Lord Mayor of Belfast tonight telegraphed Mr. Heath for the second time within a week asking for better protection for the city and appealing to him to come and see conditions for himself.

Mr. Brian Faulkner, Prime Minister of Northern Ireland, said tonight: "I hope that good may come out of such appalling evil in that these dreadful acts will show everyone in Ireland what disgusting people there are to the organisations responsible for these terrible deeds in Northern Ireland."

He went on to say that there was something that every able-bodied man could do. The Ulster

Defence Regiment needed 2,000 more men and the Royal Ulster Constabulary Reserve was open to take many more men.

Mr. Faulkner also asked businessmen to redouble their security efforts "in this war situation."

In Dublin, Mr. Jack Lynch, the Irish Prime Minister, said he was "shocked" by the bombings. "No Irishman with the least claims to ideals and principles, no Irishman with the least shred of Christianity or sanity can justify or condone the maiming or the killing of innocent people—and I am including in this all those who have died by violence or been injured or disfigured for life in recent incidents. On behalf of the Government, I express our total condemnation of this dreadful violence," he said in a statement.

"I express our sympathy to the families and friends of those who have died in these incidents and to those who have suffered injuries."

Philipps Rawstone writes: Northern Ireland and the economic situation were the main subjects discussed by the Cabinet in a short general review of Government policies.

Lord Balfour, Minister of State for Defence, and Mr. Paul Bryn, Minister of State for Employment, deputised at the Downing Street meeting for Lord Carrington and Mr. Robert Carr who are on holiday.

Mr. Heath afterwards left Downing Street for Burnham-on-Crouch where he is expected to spend the next two days before returning to Chequers for his talks on Monday with Mr. Lynch, the Irish Prime Minister.

## BP oil strike in Libya

By Richard Johns

BRITISH PETROLEUM has had an oil strike in its Libyan Concession No. 65 which it shares with the American Independent Bunker Hunt.

According to a company spokesman, the well has yet to be tested for flow rate or quality, and indeed, has yet to be completed. It is understood to be a long way from the existing oil field of Sarir.

This might prove an embarrassment if the find is only a modest one and the Libyan Government brings pressure to bear on the company to develop it.

Currently, the output of the Sarir field is running at 420,000 barrels a day (about 20m. tons a year) compared with the 400,000 b/d average in 1970.

## Start soon on £17m. Rutland reservoir

GLEESON CIVIL Engineering is to build the Emphingham reservoir in Rutland for the Welland and Nene River Authority. Gleeson was one of eight companies which tendered for the £5.5m. work. The total cost of the reservoir scheme is £17m.

The reservoir will yield over 50m. gallons a day, of which 36m. gallons is to be taken by the mid-Northamptonshire Water Board. To be supplied mainly by water pumped from the rivers Welland and Nene, Emphingham will have a volume of 27,000m. gallons and a surface area of water covering 3,114 acres. Its maximum depth will be 110 feet, with an average depth of 35 feet.

Work is to start this month and will take four years to complete. The reservoir will be an additional water resource to one of the most rapidly expanding areas of industrial and domestic development, including Northampton, Peterborough and Corby.

## £10 pay offer to Olsen dockers

BY ALEX HENDRY, LABOUR REPORTER

PAY increases of about £10 a week are understood to have been negotiated for dockers employed by the Norwegian-owned Fred Olsen Lines in London.

The offer is expected to be put to the 240 dock workers either to-day or early next week. If accepted it will take their annual wage to more than £2,500 a year. And it will increase pressure on the employers of 10,500 other port workers in London's enclosed docks, who have turned down a pay claim for their employees.

The 10,500 have been on weekly rates of £36.50 or £39 since September last when piecework was ended and two-shift working introduced. The Olsen men have been on £39 a week with shift-working since June, 1968. That deal led other port employers to protest to the Department of Employment.

## Two-year deal

The new two-year deal, which also improves payments for week-end working and social benefits, is certain to generate more anger against Olsen, which is not a member of the Port Employers' Association.

Within the last few weeks 2,500 London riverside dock workers have had increases of 5 per cent in their basic rate and up to 5 per cent in their bonuses. And at the Victoria Dockwater terminal increases of £10 a week were given to its dock workers, making their basic rate £32.85, with a 7 per cent bonus on top.

Enclosed docks employers have opposed the claim for their 10,500 dockers on the grounds that there must be an improvement in productivity—which is below the level in the port when the current deal was signed last September—before they can pay out any more money. They have warned dock union

leaders that some companies may be forced to leave the port if costs are pushed any higher. One company, Hovey Amsterdam, is expected to inform the Dock Labour Board on Monday that it is ceasing operations in London and will return about 220 dock workers to the pool of unemployed men. It is hoped that most of them will be found alternative work with other employers in the port.

## N. Yorkshire search for gas fields

AN EXTENSIVE exploration in the North Yorkshire countryside is to be made by Home Oil of Canada over the next two years in a search for commercial natural gas fields which company officials are confident exist.

Mr. Howard Geddes, managing director of Home Oil's British operation, said here to-day: "We think prospects are good. We are firmly convinced there must be several more commercial gas fields in this area."

A drill rig is now operating at Wikeham, near Pickering. The site had good prospects, he said. Mr. Geddes felt the best chances of finding gas fields would be in the Pickering-Malton area.

## NEW RENAULT MODELS HERE

The 1972 Renault models are introduced in the U.K. to-day. Most incorporate some new feature or refinement. There are new retail prices. The 12 TL now costs £198.90 (old price £255.00 plus 4.5 per cent), and the 16 TL £1,198.90 (old price £1,471.10 plus 4.4 per cent).

## BEA bid to break pilots' pay deadlock

BY RAY DAFTER

BEA officials yesterday told some way towards meeting these pilot representatives that any objections. But before the meeting, which was still continuing late last night, Mr. Gordon Hurley, BEA spokesman, said that the meeting had been called in an attempt to break the deadlock in negotiations on pay and conditions which started in April. The two sides were trying to arrive at a basis for resuming talks.

BEA yesterday sent a letter to the British Air Line Pilots Association which, according to an airline spokesman, contained a formula "which we believe will get both sides back to the negotiating table."

The pilots have objected about three conditions imposed by BEA on future negotiations. The letter is understood to have gone

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## Mintoff may negotiate on British offer

BY OUR OWN CORRESPONDENT

BRITAIN to-day replied to Mr. Dom Mintoff's proposals made to Lord Carrington, the British Defence Secretary, two weeks ago. The British despatch was reviewed by the Cabinet this morning during a three-hour meeting.

It is generally felt that Mr. Mintoff this time will agree to open formal negotiations on the basis of the British offer. Especially since everyone, including top Malta Labour Party officials, believes there is little chance of Britain or NATO increasing the offer.

What is likely to emerge, according to various sources, will be a four to five year accord granting British troops a more restricted garrison. The airport, which is also used by the RAF, will still be used by British aircraft on behalf of NATO and Mr. Mintoff will also allow NATO fleets to enter Maltese ports.

Mr. Mintoff last night discussed with President Khedafi the prospects of Libyan investment in Maltese industrial projects. A high-powered Maltese delegation will go to Tripoli on Sunday to discuss details of a possible immediate agreement.

## EEC monetary committee seeks compromise agreement

BY OUR OWN CORRESPONDENT

BRUSSELS, Sept. 2.

THE Common Market's monetary committee met in Brussels to-day to try to work towards a possible compromise agreement, or patchwork of agreements, on joint action to deal with the international currency crisis.

The deputy Central Bank governors and Finance Ministry experts present made no comment on the day-long discussions, but it is assumed that the results of their deliberations will be passed on to their colleagues at tomorrow's meeting of the Group of Ten deputies in Paris.

Commission experts briefed representatives of the four candidate countries after the meeting. It is understood that they told the candidates that tomorrow's Group of Ten session like today's meeting, will concentrate on how to arrive at a general realignment of parties, rather than discussing new rates. But Commission sources also indicated that there was no basic change in any of the delegations' positions.

The Italians are understood to have offered a modified version of the plan proposed by the

Benelux countries at the ill-fated EEC Ministerial meeting in Brussels ten days ago.

Then, the Benelux countries proposed that the Six should establish fixed parities between each other's currencies, but these would not be linked to the dollar.

The five EEC currencies would thereby float together but there would be a permitted maximum margin of fluctuation between themselves of 0.75 per cent, either side of parity.

The Italian delegation also pointed out that, as a substantial part of their reserves were in dollars, Italy opposed a "sharp" upward revaluation of European currencies. Their modification of the Benelux plan is likely, therefore, to come closer to the French thesis rather than the German one.

At the Brussels ministerial meeting, West Germany specifically called for a general revision of parties, something unacceptable to France.

There are some indications that at least the idea of fixing parities between the five EEC currencies that would not be

linked to the dollar is receiving generally favourable reactions. Professor Karl Schiller, West German Economics Minister, will have talks in Rome tomorrow with his Italian opposite number, Sig. Mario Ferrari-Aggradi. On Monday, Sig. Ferrari-Aggradi and Sig. Cando Carli, governor of Italy's Central Bank, will meet M. Giscard d'Estaing in the French capital.

Reuter reports from Paris: The French Prime Minister, M. Jacques Chaban-Delmas, said that France did not want to make a doctrine of its two-tier foreign exchange system, and was seeking common ground with West Germany.

France first wanted to find some common ground with West Germany, then with the Common Market countries as a whole and Britain, to establish a new international monetary system acceptable for all.

A high-level West German financial mission came to Paris on Monday for secret talks on settling the squabble but apparently met with little success.

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## Registration will divide TUC

pre-Congress meeting of union

delegations this week-end. The debate on the issue was opened in the General Council to-day by Lord Cooper, this year's TUC chairman and general secretary of the General and Municipal Workers' Union who, despite being in the chair, argued strongly in favour of the TUC's Croynod policy and repeated his own view that he was in favour of registration.

This discussion continued for 24 hours, with 29 of the 39 union members speaking. It centred around the decision of the construction workers, engineers and transport workers to combine their resolutions and amendments into a motion which said it "viewed with concern" the decision of some unions to

register and added that Congress "instructs the General Council to support all unions in their fight against this legislation and therefore instructs affiliated unions not to register under the Act and to take measures to remove themselves from the provisional register."

But this was first qualified by a phrase from the transport workers, "recognising that the policy of non-registration can only be effective if all affiliated unions act collectively." The composite motion can therefore be regarded as the last attempt by most of the Left-wing unions to present a militant line over registration, but because of the transport workers' qualifying phrase it remains to be seen the Croynod policy.

what would happen if they won the day. But unions still went ahead and registered as some, like the bank employees and Health Service officers, are bound to do.

Neither is it clear how far the TUC would go in disciplining those unions which did register. Mr. Scanlon to-day literally interpreted the TUC's rules as meaning they would be expelled, while Mr. Jones warned that to say this was jumping too many fences at once. The Congress will also consider two other resolutions from the paper workers, demanding expulsion for those who register, and an amendment to the main composite from the Health Service officers, attempting to reaffirm the Croynod policy.

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